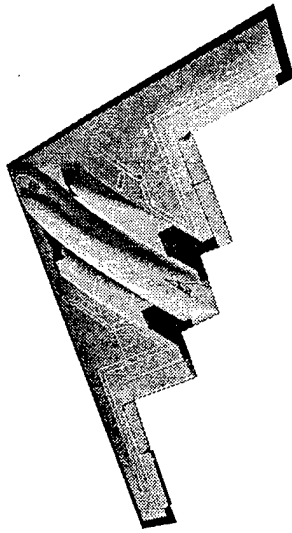
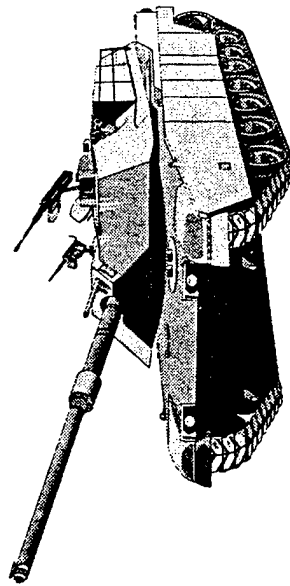


Office of the Secretary of Defense

Operation and Maintenance Overview

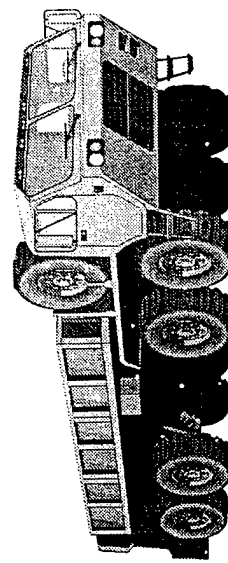
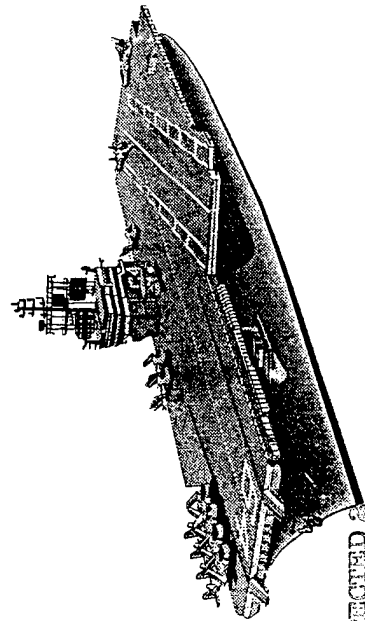
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FY 1999 Amended Budget Estimates



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O&M TOA BY SERVICE BY APPROPRIATION

	(\$ in Millions)			
	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 98-99</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
<u>Army</u>				
Army	22,964.3	20,360.2	20,912.5	+552.3
Army Reserve	19,529.9	16,733.3	17,273.1	+539.7
Army National Guard	1,140.6	1,207.9	1,202.6	-5.2
	2,293.8	2,419.1	2,436.8	+17.8
<u>Navy</u>				
Navy	24,401.4	25,066.4	25,494.1	+427.7
Marine Corps	21,055.3	21,652.4	21,927.2	+274.8
Navy Reserve	2,351.7	2,380.3	2,523.7	+143.4
Marine Corps Reserve	884.7	917.5	928.6	+11.2
	109.7	116.3	114.6	-1.7
<u>Air Force</u>				
Air Force	22,794.7	23,102.1	24,015.6	+913.5
Air Force Reserve	18,564.3	18,390.0	19,177.0	+787.0
Air National Guard	1,493.3	1,652.2	1,744.7	+92.5
	2,737.1	3,059.9	3,093.9	+34.0
<u>Defense-Wide and Other</u>				
Defense-Wide	21,673.7	25,719.2	24,200.5	-1,518.7
Inspector General	10,244.2	10,414.5	10,750.7	+336.2
U.S. Court of Appeals for the Armed Forces	138.5	138.4	132.1	-6.3
Support for International Sporting Competitions	6.5	7.0	7.3	+0.4
Environmental Restoration, Army*	14.4	-	-	-
Environmental Restoration, Navy*	(338.5)	375.3	377.6	+2.3
Environmental Restoration, Air Force*	(287.1)	275.5	281.6	+6.1
Environmental Restoration, Defense*	(391.6)	376.9	379.1	+2.2
Environmental Restoration, Formerly Used Sites*	(38.0)	26.9	26.1	-0.8
Overseas Humanitarian, Disaster, and Civic Aid	255.9)	242.3	195.0	-47.3
Drug Interdiction and Counter Drug Activities*	74.8	56.1	63.3	+7.2
Payment to Kaho'olawe Island Fund	(806.2)	712.9	727.6	+14.7
	8.6	35.0	15.0	-20.0

O&M TOA BY SERVICE BY APPROPRIATION

	(\$ in Millions)		
	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
			<u>Change</u>
<u>Defense-Wide and Other (Continued)</u>			
Emergency Response Fund, Defense	1.2	36.8	-36.8
Defense Health Program	10,222.6	10,376.1	-320.3
Former Soviet Union Threat Reduction	363.6	381.5	+60.9
Quality of Life Enhancements	599.4	360.0	-360.0
Overseas Contingency Operations Transfer Fund*	(2,552.8)	1,884.0	-1,137.1
OPPLAN 34A-35P.O.W	-	20.0	-20.0
Total Obligational Authority	91,834.0	94,247.9	+374.9
Financing Adjustments	+518.9	+138.1	+39.6
Total Budget Authority	92,352.9	94,386.0	+414.5

*Transfer Accounts. The FY 1997 data is non-additive. The Department transfers these program funds to other appropriations (primarily Operations and Maintenance appropriations) where the Components manage, obligate, and expend the transferred funds for the purposes appropriated.

The amounts reflected in this Overview are expressed in Total Obligational Authority (TOA) terms. TOA includes Budget Authority (BA) and financing adjustments. The previous summary chart identifies the TOA by appropriation within the Operation and Maintenance (O&M) Title and also identifies the net financing adjustments. The FY 1998 financing adjustment increase of \$138.1 million is comprised primarily of contributions from allied nations for Defense burdensharing (\$+92.0 million), receipts involving disposal, lease, or recovery of DoD facilities and real property (\$+61.5 million), and restoration efforts at the Rocky Mountain Arsenal and Kaho'olawe Island (\$43.0 million). These increases in financing are offset by unobligated balances carried forward from FY 1997 appropriations for force protection initiatives (\$-36.8 million) and payments to former prisoners of war (\$20.0 million). The FY 1999 financing increase of \$177.7 million is primarily due to contributions for defense burden sharing and receipts for the disposal, lease, or recovery of DoD facilities and real property. There are no anticipated balances being carried forward in FY 1999 to offset these receipts as there are in FY 1998.

OPERATION AND MAINTENANCE TITLE SUMMARY

(\$ in Millions)

<u>FY 1997</u> <u>Actual</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 1998</u> <u>Estimate</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 1999</u> <u>Estimate</u>
91,834.0	3,564.7	-1,150.8	94,247.9	719.5	-344.6	94,622.8

The Operation and Maintenance (O&M) TOA at the Title level from FY 1997 through FY 1999 increases slightly as a percentage of the DoD National Defense Function. In FY 1999, the O&M share of the Defense budget is 36.5 percent, up from the FY 1997 level of 36.1 percent and down slightly from the FY 1998 level of 36.7 percent. The share for FY 1999 reflects higher fuel costs and increased requirements for spares as equipment ages, which are partially offset by lower contingency costs and, realization of cost reductions from the near completion of force structure realignments and outsourcing. The Department continues to place a priority on near-term readiness programs that are reflected in sustained OPTEMPO rates. The O&M funding levels are sufficient to ensure the Department can respond quickly and forcefully to protect our national interests throughout the post-Cold War world.

O&M PRICING

Price growth amounts shown in the table above reflect the additional cost of executing the previous year's program at the next year's prices. In general, price growth amounts are estimated by applying price change rates to amounts budgeted for various commodity groups (i. e., civilian pay, Working Capital Fund purchases, medical supply purchases, general nonpersonnel purchases, etc.). Rates used for the major commodity groups follow:

For civilian pay, FY 1999 price growth is based on annualization of FY 1998 locality pay raises for classified and wage board employees, which were effective January 1, 1998, and the portion of the FY 1999 pay increases that will occur during FY 1999. It also provides for foreign national employee pay raises at the rates the host country provided its public sector personnel. For FY 1998, the budgeted pay increase, effective January 1, 1998, was 2.8 percent for classified and wage board employees. For FY 1999, the budgeted pay increase, effective January 1, 1999, is 3.1 percent for classified and wage board employees.

Consistent with Office of Management and Budget (OMB) direction, the general non-personnel purchases rate is 1.5/1.6 percent in FY 1998/FY 1999.

Fuel purchase prices from the Working Capital Fund reflect a 19.7 percent increase in FY 1998 and an average decrease of 8.8 percent in FY 1999. With these rates, Working Capital Fund customers pay an average cost per barrel of \$38.22 in FY 1998 and \$34.86 in FY 1999. Due to rising fuel costs beyond stabilized price levels in FY 1996 and FY 1997, fuel prices were set above expected costs in FY 1998 to reflect the necessity to restore cash balances within the fuel Working Capital Fund to ensure its solvency after incurring

OPERATION AND MAINTENANCE TITLE SUMMARY

large losses in FY 1996 and FY 1997. The FY 1999 customer fuel prices are set based on revised estimates of fuel purchase inflation provided by OMB.

Other Working Capital Fund rates change by business area and vary significantly from year to year. The following list of rate changes in FY 1999 reflect those business areas that are projected to receive more than \$13 billion in Operation and Maintenance customer orders in FY 1999: Army Managed Supplies and Materials (+7.6 percent), Navy Managed Supplies and Materials (-5.8 percent), Air Force Managed Supplies and Materials (+4 percent), Defense Logistics Agency (DLA) Managed Supplies and Materials (-1.0 percent), Navy Equipment Purchases (-5.8 percent), Army Depot Systems Command - Maintenance (+12.7 percent), Naval Aviation depots (+6.5 percent), Naval Shipyards (-12.1 percent), Depot Maintenance Air Force - Organic (+3.2 percent), Army Armament (+28.6 percent), Naval Ordnance Facilities (-51.0 percent), and Army Information Services (+11.8 percent).

In FY 1998, the Department has initiated a new practice that will allow the Working Capital Fund rates for depots to be revised on a quarterly basis during the year of execution to recoup losses and return gains, as appropriate. This change is to allow a faster response to depot maintenance gains and losses and to incentivize closer monitoring of cost increases.

Above standard rate increases continue for much of the Defense Health Program (DHP) with 3.9 percent in FY 1999 for CHAMPUS, direct care contracts, and medical supply and equipment purchases.

The budget request for FY 1999 is based on foreign currency rates that reflect market conditions in late 1997. The foreign currency rates improved during FY 1997 when compared to the budget rates for FY 1997 and FY 1998. As a result, Congress revised the FY 1998 rates during the FY 1998 budget deliberations to reflect the increased purchasing power of the dollar. The FY 1999 rates reflect a slight decrease in the purchasing power of the U.S. dollar against European countries and an increase in Japan, Korea, Singapore and Turkey (from the congressionally revised rates). The three countries in which the DoD Components have their largest presence are Germany, Japan, and South Korea, and it is in these countries that the largest amount of foreign currency purchases are made. Compared to the German Deutsche Mark (DM), the U.S. dollar declines 1.0 percent in value, from 1.8068 DM per U.S. dollar in FY 1998 to 1.7893 DM in FY 1999. For the Japanese Yen, the dollar's relative gain is 7.6 percent, changing from 121.17 Yen in FY 1998 to 130.45 Yen in FY 1999. The U.S. dollar's gain against the Korean Won is 32.3 percent, moving from 907.6 Won in FY 1998 to 1,342.4 Won in FY 1999. Because of the favorable rate changes in Japan and Korea, overall foreign currency rate changes resulted in savings to DoD programs of \$200.8 million in FY 1999.

O&M PROGRAM

After adjusting for these pricing assumptions, the FY 1999 O&M program decreases by \$344.6 million below the FY 1998 level. The program decrease in FY 1999 includes net transfers of \$1,181.5 million into the O&M Title. This results in net other program changes of \$-1,526.1 million. Of this amount, \$-1,303.0 million represents the impact of not having appropriate decisions regarding contingency operations in Bosnia in order to develop budget quality cost estimates, if any, that should be included in the FY 1999 President's budget request. When this amount is taken into consideration, the "real" net program change in the O&M Title from FY 1998 to FY 1999 is \$-223.1 million (or about -0.2 percent).

OPERATION AND MAINTENANCE TITLE SUMMARY

NET OTHER PROGRAM CHANGE (FY 1999, \$-223.1 million):

By FY 1999, the Services have essentially completed their force restructure programs including those arising from the Quadrennial Defense Review (QDR). Although, the final balancing of the Air Force's tactical fighter wing equivalents between the active and reserve components will not be accomplished until the end of FY 2003. The challenge at this time is to continue maintaining the high level of readiness of U.S. Forces to meet the continually emerging security challenges around the globe that can affect our national security posture. At this time, with constrained budgets affecting the Department of Defense, the Services and Defense Components are actively striving to reduce costs without adversely affecting readiness or the quality-of-life provided to service members and their dependents. In addition, these cost reduction initiatives will allow the Department to free up resources to pursue its modernization goals.

The Secretary and Deputy Secretary of Defense and the Chairman of the Joint Chiefs of Staff have aggressively embarked on the Defense Reform Initiative (DRI) to revolutionize the way the Department provides its corporate and support services. The core initiatives in the DRI are to: streamline organizations, reengineer business practices, compete commercial-type activities, and eliminate excess infrastructure. In its streamlining organization initiative, the DRI reduces the size of the Office of Secretary of Defense and its support activities by 33% to return these organizations to their core functions of policy and oversight and to restore operational tasks to the Military Departments and Defense Agencies. Similar reductions (-29%) will be made to the Joint Staff organization. The DRI also targets the Defense Agencies for significant reductions (-21%) to streamline operations and make them more responsive to the needs of the Military Departments. In the area of reengineering business practices, more efficient processes will be implemented such as the conversion to paper-free contracting, reengineering travel administration, and streamlining security investigations. In the area of competing commercial-type functions, the budget reflects a plan to compete about 30,000 positions per year. It is anticipated that this will result in annual savings of \$2.5 billion by FY 2003. Finally, the DRI includes an initiative to eliminate excess infrastructure and anticipates the authorization of two additional rounds of base realignment and closure reviews in the years 2001 and 2005. Where required, legislative proposals are being submitted to ensure that these cost-saving, productivity-enhancing initiatives can be fully implemented to enable to most efficient use of the Department's resources.

The FY 1999 budget request for the O&M Title continues to support high levels of readiness. The following indicators reflect planned OPTEMPO rates for FY 1998/FY 1999 and do not include contingency operations. The Active Army budget request supports objective OPTEMPO rates of 652/800 miles per year for tanks and 14.0/14.0 flying hours per month per tactical aircrew. The Active Navy steaming days are at the planning level of 50.5/50.5 days per quarter for deployed fleets and 28.0/28.0 days per quarter for the non-deployed fleets. Further, active naval tactical air primary mission readiness (PMR) rates will remain steady and support 22.6/23.0 flying hours per month per pilot. Similarly, active Air Force tactical fighter aircrew flying hour rates have been set at 18.7/19.1 flying hours per pilot per month and bomber crew OPTEMPO rates are budgeted to support 19.3/17.9 hours per crew per month (the FY 1999 reduction in bomber OPTEMPO results from planned training improvements that will achieve similar readiness levels as in prior years even though fewer hours will be flown). Reserve Component OPTEMPO rates continue at levels consistent with prior year rates.

OPERATION AND MAINTENANCE TITLE SUMMARY

The Department of Defense has been involved in several contingency operations during the 1990's. The two largest contingency operations are those related to Bosnia and Southwest Asia. For Bosnia, no funding is included in FY 1999 because the extent of the U.S. portion of the NATO commitment to extend operations in Bosnia was not known at the time that budget deliberations were concluded. For Southwest Asia, the U.S. remains committed to ensuring that security requirements are maintained and the budget requests \$746.9 million in FY 1999. This amount assumes that activities in Southwest Asia return to previously programmed levels and does not address shortfalls, if any, from current operating levels in the Persian Gulf.

Depot maintenance programs provide for a net increase of \$2.9 million in FY 1999. The increase includes \$44.0 million of price growth offset by transfers out of \$334.7 million and program growth of \$293.7 million. The Army is transferring modernization and conversion funding (\$80.8 million) to the investment appropriations where it is more appropriately funded. In addition, the Navy is transferring \$253.9 million from the Ship Depot Maintenance subactivity group to the Ship Depot Operations subactivity group to consolidate depot and intermediate maintenance funds associated with the Pearl Harbor Regional Maintenance Pilot Program. The Navy's FY 1999 ship maintenance program includes an increase in scheduled ship overhauls and Restricted Availabilities/Technical Availabilities. Funding for aircraft maintenance increases in the Guard and Reserve appropriations while declining in the active appropriations. Maintenance for Army and Marine Corps vehicle programs decline while the Army National Guard vehicle maintenance program increases. Financial backlogs increase from \$1.4 billion in FY 1998 to \$1.5 billion in FY 1999. The growth is primarily in Navy aircraft and in Army missile maintenance.

Mobilization programs reflect a net decrease of \$148.3 million in FY 1999 from the FY 1998 level. In FY 1999, program adjustments consist largely of: reductions in the number of Navy ships and aircraft requiring inactivation; decrease in the level of Air Force support payments to TRANSCOM being required; retirement of three C-137 aircraft; an increase to real property maintenance for Army infrastructure at mobilization points; and an increase in outfitting requirements for an additional Marine Corps prepositioned ship.

Environmental programs in the O&M Title are funded at \$2,704.1 million in FY 1999 which is a net decline of \$91.5 million from the FY 1998 level. These amounts reflect a decline from the FY 1998 program level of approximately \$150 million. Major program increases in FY 1999 are in the areas of environmental restoration efforts while program decreases occur in reduced investigations and analyses, cleanup of Formerly Used Defense Sites, conclusion of the underground storage tank upgrade program in December 1998, and reduced requirements to replace ozone depleting chemicals.

The FY 1999 budget request for the Real Property Maintenance (RPM) program reflects a net reduction of \$258.7 million below the FY 1998 funding level. The budget year funding profile represents a departure from previous years' practices when budget year funding was normally significantly lower than the current year estimates because of congressional adds. Except for the Defense Agencies, the FY 1999 funding levels reflect a concerted effort by the Services to adhere to QDR goals to ensure that operation and maintenance programs are appropriately funded to prevent the migration of resources during program execution.

OPERATION AND MAINTENANCE TITLE SUMMARY

The O&M, Defense-Wide appropriation increases by a net of \$12.0 million in FY 1999 representing a combination of transfers (net \$-215.4 million) and real program changes (net \$+227.4 million). Transfers out of the O&M, Defense-Wide appropriation (totaling \$463.0 million) consist of DRI related efforts such as the movement of the Joint Warfare Center to the Navy, the Defense Acquisition University to the Army, and several smaller efforts to comply with the intent of the DRI. Other transfers out include security clearance investigation funding to the Defense Components to perform this function on a reimbursable basis and the decentralization of funding responsibility of the Pentagon reservation function to the Defense Components. Transfers into the O&M Defense-Wide appropriation (totaling \$247.6 million) consist primarily of the movement of classified programs, transfer of logistics functions out of the Defense Working Capital Fund to the Defense Logistics Agency, and some DRI transfers such as the movement of the Joint Spectrum Center from the Air Force to the Defense Information Systems Agency. Program changes include increases for: readiness related efforts (\$56.7 million) to support special operations forces, JCS exercises to fully support the recently scaled back program, and enhancements to joint force protection through the use of modeling and simulation; information technology related issues (\$137.1 million) such as information security, Global Command and Control, electronic commerce, and travel reengineering; education issues (\$41.0 million) for the improvement of education through the expanded use of computer technology in the classroom, development of the Defense Leadership and Management Program, and executive, management, and technical training for the DoD financial community; the Defense Threat Reduction and Treaty Compliance Agency (\$31.6 million) providing mission enhancements for treaty implementation and monitoring, chemical weapons escort missions, weapons of mass destruction, and Partnership for Peace programs; and, classified programs (\$150.8 million). Program changes also include decreases for: civilian personnel downsizing (\$-39.4 million); and, numerous reductions for programs funded only in FY 1998 including congressional adds and earmarks (\$-181.8 million) for such programs as the Defense Personnel Support Center demolition, repairs to Federally Funded Schools, industrial modernization, automated document conversion technology, the Legacy Program, the Job Placement Program, and Indian Lands Mitigation effort.

The Defense Health Program (DHP) declines by \$273.9 million in FY 1999. This is comprised of price increases of \$301.1 million and net program decreases of \$575.0 million. The program decreases result from a declining beneficiary population, deletion of one-time FY 1998 requirements for the implementation of Managed Care Support contracts, discontinuation of FY 1998 congressional increases, savings from better utilization management, vendor procurement efficiencies, and reduced outfitting requirements for new facilities. Program increases are primarily for real property maintenance to reduce the backlog of outstanding projects and for the accelerated deployment of information management products to support the improved management of outpatient care.

OPERATION AND MAINTENANCE TITLE SUMMARY

NET FUNCTIONAL TRANSFERS (FY 1999, \$+1,181.5 million):

<u>Function/Activity</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Commissaries. Transfer realigns commissary support resources to the Services to emphasize the significant impact of commissaries to morale, welfare, and recreation and to strengthen the link between customer requirements and appropriated funds.	+983.9	
Base Operations Support. Transfers reflect program realignments of base support resources from three Air Force research and development bases to operation and maintenance funding for common user support services.	+210.3	
Military to Civilian and A-76 Conversions. The Air Force is realigning numerous military functions to civilian/outsourcing support in order to maximize the warfighting potential of its uniformed members.	+70.1	
RC 135 Contractor Logistics Support. Reflects a transfer from Aircraft Procurement, Air Force for the purchase of contractor logistics support for these aircraft.	+31.3	
Software Maintenance. Reflects the clarification of software maintenance requirements that were transferred from Operation and Maintenance, Army (OMA) to Research Development, Test and Evaluation, Army in FY 1998 in support of post production weapons systems. Further review identified some of the transferred software maintenance efforts as "fixes" vice "capability improvements" to mission requirements and have been placed back in the OMA appropriation.	+22.7	
Depot Maintenance Modernization. Reflects the transfer of resources for depot facility work that was in support of procurement funded end item modification/conversion. The transfers affect Aircraft Procurement, Army (\$+56.4 million), Weapons, Tracked, and Combat Vehicles, Army (\$+42.1 million), and Other Procurement, Army (\$+5.0 million).		-103.5
Program Management Functions. Realigns Operation and Maintenance, Army funds to various Other Procurement, Army programs to include costs of program management within the acquisition programs.		-31.6
Other Net Transfers.	<u>+27.2</u>	<u>-28.9</u>
TOTAL	+1,345.5	-164.0

CONTINGENCY OPERATIONS

Appropriation

	<u>(\$ in Millions)</u>		
	<u>FY 1997</u>	<u>FY 1998</u>	<u>98-99</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Change</u>
Operation & Maintenance	2,519.5	1,853.7	-1,110.0
Military Personnel	522.8	289.7	-186.9
USSOCOM	<u>33.3</u>	<u>31.7</u>	<u>-28.5</u>
Total	3,075.6	2,175.1	-1,325.4

Military Department

	<u>(\$ in Millions)</u>		
	<u>FY 1997</u>	<u>FY 1998</u>	<u>98-99</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Change</u>
Army	1,911.9	1,093.4	-996.6
Navy	195.3	193.2	-63.2
Marine Corps	5.0	2.5	-2.5
Air Force	783.6	782.7	-168.6
USSOCOM	33.3	31.7	-28.5
Defense Health Program (DHP)	16.0	17.7	-16.4
Defense-Wide	<u>130.5</u>	<u>53.9</u>	<u>-49.6</u>
Total	3,075.6	2,175.1	-1,325.4

CONTINGENCY OPERATIONS

FY 1997 Actuals

<u>Operation</u>	(\$ in Millions)						
	<u>Army</u>	<u>Navy</u>	<u>Marine Corps</u>	<u>Air Force</u>	<u>SOCOM</u>	<u>Defense Health Pgm</u>	<u>Defense-Wide</u>
<u>Bosnia</u>	<u>1,778.1</u>	<u>71.6</u>	<u>5.0</u>	<u>255.6</u>	<u>29.0</u>	<u>14.5</u>	<u>128.7</u>
Deny Flight	-	38.7	.5	142.3	1.8	-	-
Able Sentry	11.6	-	-	-	.1	-	-
IFOR/SFOR	1,766.5	32.9	4.5	113.3	27.1	14.5	128.7
<u>Southwest Asia</u>	<u>133.8</u>	<u>123.7</u>	<u>-</u>	<u>528.0</u>	<u>4.3</u>	<u>1.5</u>	<u>1.8</u>
Northern Watch	2.0	.6	-	88.0	2.4	.1	-
Southern Watch	98.3	120.1	-	373.8	1.9	1.4	1.8
Desert Strike	-	3.0	-	66.2	-	-	-
Intrinsic Action	33.5	-	-	-	-	-	-
Total	1,911.9	195.3	5.0	783.6	33.3	16.0	130.5
							3,075.6

CONTINGENCY OPERATIONS

FY 1998 Estimate

<u>Operation</u>	(\$ in Millions)						<u>Defense Health Pgm</u>	<u>Defense- Wide</u>	<u>Total</u>
	<u>Army</u>	<u>Navy</u>	<u>Marine Corps</u>	<u>Air Force</u>	<u>SOCOM</u>				
<u>Bosnia</u>	<u>1,008.6</u>	<u>79.5</u>	<u>2.5</u>	<u>313.1</u>	<u>28.5</u>		<u>16.3</u>	<u>47.6</u>	<u>1,496.1</u>
Deny Flight	-	43.1	.5	133.5	3.3		-	-	180.4
Able Sentry	-	-	-	-	-		-	-	-
DFOR	1,008.6	36.4	2.0	179.6	25.2		16.3	47.6	1,315.7
<u>Southwest Asia</u>	<u>84.8</u>	<u>113.7</u>	<u>-</u>	<u>469.6</u>	<u>3.2</u>		<u>1.4</u>	<u>6.3</u>	<u>679.0</u>
Northern Watch	4.6	.8	-	87.7	3.0		.3	-	96.4
Southern Watch	78.8	112.9	-	322.0	.2		1.1	6.3	521.3
Air Exp'd. Force	-	-	-	59.9	-		-	-	59.9
Intrinsic Action	1.4	-	-	-	-		-	-	1.4
Total	1,093.4	193.2	2.5	782.7	31.7		17.7	53.9	2,175.1

CONTINGENCY OPERATIONS

FY 1999 Estimate

Operation	(\$ in Millions)							
	<u>Army</u>	<u>Navy</u>	<u>Marine Corps</u>	<u>Air Force</u>	<u>SOCOM</u>	<u>Defense Health Pgm</u>	<u>Defense-Wide</u>	<u>Total</u>
<u>Bosnia</u>	-	-	-	-	-	-	-	-
<u>Southwest Asia</u>	<u>96.8</u>	<u>130.0</u>	-	<u>614.1</u>	<u>3.2</u>	<u>1.3</u>	<u>4.3</u>	<u>849.7</u>
<u>Northern Watch</u>	<u>1.5</u>	<u>8.2</u>	-	<u>119.1</u>	<u>3.0</u>	-	-	<u>131.8</u>
<u>Southern Watch</u>	<u>89.5</u>	<u>121.8</u>	-	<u>418.0</u>	<u>.2</u>	<u>1.3</u>	<u>4.3</u>	<u>635.1</u>
<u>Air Exp'd. Force</u>	-	-	-	<u>77.0</u>	-	-	-	<u>77.0</u>
<u>Intrinsic Action</u>	<u>5.8</u>	-	-	-	-	-	-	<u>5.8</u>
<u>Total</u>	<u>96.8</u>	<u>130.0</u>	-	<u>614.1</u>	<u>3.2</u>	<u>1.3</u>	<u>4.3</u>	<u>849.7</u>

Deny Flight: Program maintains the no-fly zone over Bosnia-Herzegovina.

Able Sentry: Program supports UN observer mission in Macedonia.

Implementation Force (IFOR): Program through December 1996 supports the predeployment, deployment, sustainment, and redeployment of 20,000 U.S. troops in Bosnia-Herzegovina, with an additional 5,000 U.S. troops in other sections of the Former Yugoslavia, and 7,000 U.S. logistics support troops in rim countries for a 12 month period.

Stabilization Force (SFOR): Beginning in January 1997, U.S. forces supporting Bosnia operations were reduced to approximately 8,500 in the Area of Responsibility (AOR) by March 1997 for the Stabilization Force (SFOR).

CONTINGENCY OPERATIONS

Deterrence Force (DFOR): The FY 1998 DoD appropriations act was based on the assumption that effective Oct. 1997, the U.S. would provide a Deterrent Force (DFOR) of approximately 5,000 U.S. troops in Bosnia to continue the SFOR mission under improved conditions, and then would plan to exit Bosnia by June 1998. The NATO agreed to review the mission at the periodic intervals, with the intent of reducing force levels to a deterrence-sized force at an unspecified date, commensurate with the security situation in the country, to facilitate NATO's departure from Bosnia by June 1998. Therefore, no funds were requested or appropriated for Bosnia operations beyond June 1998. Since the President has decided to extend U.S. participation in NATO operations in Bosnia beyond June 30, 1998, additional funding in FY 1998 and FY 1999 is required to finance this continuation. However, because NATO has not yet approved the plan for the follow-on force, the DoD is unable to estimate the cost of the U.S. contribution to the force. As a result, the Administration decided to not request funding for Bosnia continuation in the FY 1999 budget, but to instead submit a non-offset emergency supplemental and budget amendment, covering both FY 1998 and FY 1999 requirements, which will be transmitted to the Congress in early March.

Northern Watch: Program supports enforcement of the no-fly zone in northern Iraq and oversight of U.S. unilateral humanitarian efforts in Iraq through December 1996 at which time the operation name changed to Northern Watch to reflect the mission reduction to enforcement of the no-fly zone only.

Southern Watch: Program supports forces deployed to the AOR to counter potential aggression by Iraq and the continued enforcement of the no-fly zone in southern Iraq.

Desert Strike: Funds deployments to destroy military targets in Iraq and enforce expanded Southern Watch no-fly zone resulting from the Iraqi incursion into Kurd territory in the north during the first quarter of FY 1997.

Air Expeditionary Forces: Periodic Air Force deployments to the AOR to maintain continuous air coverage during breaks in Navy aircraft carrier deployments.

Intrinsic Action: Supports the deployment of Army troops to Kuwait to conduct interoperability training with coalition forces to reinforce U.S. commitment to regional stability.

OVERSEAS CONTINGENCY OPERATIONS TRANSFER FUND

(\$ in Millions)

FY 1997	Price	Program	FY 1998	Price	Program	FY 1999
Actual	Growth	Growth	Appropriation	Growth	Growth	Estimate
2,552.8*	+38.3	-707.1	1,884.0	+30.1	-1,167.2	746.9

* Memo Entry: Cost incurred in Service/Agency appropriations.

Note: Data excludes funds appropriated to Service Military Personnel appropriations

* Memo Entry: Cost incurred in Service/Agency appropriations.

Note: Data excludes funds appropriated to Service Military Personnel appropriations

The Overseas Contingency Operations Transfer Fund was established by the FY 1997 DoD Appropriations Act to meet operational requirements in support of contingency operations without disrupting approved program execution or force readiness. The fund provides additional flexibility to meet operational requirements by transferring the assets to the Military Components based on actual execution experience as events unfold during the year of execution. The fund supports the operation and maintenance requirements of the respective Services and Agencies for operations in Southwest Asia and Bosnia.

Bosnia: The FY 1998 President's budget was based on the assumption of a Deterrent Force (DFOR) of approximately 5,000 U.S. troops in Bosnia effective October 1, 1997 (transitioning from the Stabilization Force mission due to anticipated improved conditions in Bosnia) and exiting from Bosnia by June 1998. The NATO agreed to review the mission at periodic intervals, with the intent of reducing force levels to a deterrence-sized force at an unspecified date, commensurate with the security situation in the country, to facilitate NATO's departure from Bosnia by June 1998. Therefore, no funds were requested or appropriated for Bosnia operations beyond June 1998. Since the President has determined that U.S. participation in NATO operations in Bosnia beyond June 30, 1998, is critical to ensuring that the Dayton Accords are successfully implemented additional funding in FY 1998 and FY 1999 will be required to finance this continuation. However, because NATO has not yet approved the plan for the follow-on force, the DoD is unable to estimate the cost of the U.S. contribution to the force. As a result, the Administration decided to not request funding for Bosnia continuation in the FY 1999 budget, but to instead submit a non-offset emergency supplemental and budget amendment in early March covering both FY 1998 and FY 1999 requirements. The impact on other Defense programs of including additional Bosnia costs in the Defense budget when they were not considered in the bipartisan budget agreement also contributed to the decision to seek an emergency supplemental. Budgeting for the costs of extended Bosnia operations would detract from the Department's ability to adequately budget for force readiness and meet needed acquisition levels.

OVERSEAS CONTINGENCY OPERATIONS TRANSFER FUND

Southwest Asia: The FY 1998 appropriation supports continued levels of activity for forces deployed to the area of responsibility (AOR) to counter potential aggression by Iraq, continue enforcement of the no-fly zones in Iraq, and support the maritime intercept force. Although DoD included these costs in the Components' O&M accounts, the Congress approved the funds as part of the Contingency Operations Transfer Fund and directed that DoD continue to treat the financing of Southwest Asia costs as a contingency operation. The FY 1999 President's budget, consistent with the congressional intent, proposes to finance Southwest Asia costs in FY 1999 in the Contingency Operations account. The amounts included for FY 1999 fully finance the planned activities during FY 1999. However, unanticipated security requirements and enhanced force deployments in reaction to Iraqi intransigence related to events surrounding the UN arms inspectors have resulted in a projected funding shortfall in FY 1998. This added requirement will be included in a proposed non-offset emergency supplemental.

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(\$ in Millions)

FY 1997	Price	Program	FY 1998	Price	Program	FY 1999
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
19,529.9	+92.5	-2,889.1	16,733.3	+217.1	+322.7	17,273.1

The Operation and Maintenance, Army appropriation provides for the day-to-day operations of units, schools and power projection platforms, which in combination support a strategically ready force -- a force of decision -- the United States Army. This appropriation contributes to readiness by supporting tough, realistic training; providing for improved maintenance of equipment and facilities; and providing the highest possible quality of life for soldiers and their families. The FY 1999 budget request supports the following major categories of mission operations.

Operating Tempo (OPEMPO). The Army's ground OPEMPO and flying hour programs have been funded to meet specified readiness levels with acceptable risk. The FY 1999 budget request supports ground OPEMPO of 800 miles per year for the M1 Abrams Tank (934 miles for the M2 Bradley Infantry Fighting Vehicle and 970 miles for the M3 Bradley Cavalry Fighting Vehicle) and an average of 14.5 flying hours per crew per month for attack helicopters (as well as the armed OH-58D helicopters and a limited number of UH-60 helicopters) with an overall flying hour program of 14.0 hours for the Active Component. In selected units, OPEMPO miles include live (ground) as well as a small number (60) of Close Combat Tactical Trainer (simulator) miles. The Operation and Maintenance, Army budget will support 10 brigade rotations through the National Training Center, 10 brigade rotations through the Joint Readiness Training Center, and 5 brigade rotations through the Combat Maneuver Training Center. Additionally, 5 divisions and 3 corps staffs as well as 1 Command and General Staff college (CGSC) Prairie Warrior Exercise will participate in the Battle Command Training Program.

Institutional Training. The FY 1999 budget request funds an additional week of Basic Combat Training (BCT) and One Station Unit Training (OSUT) as part of initial entry training to strengthen "corporate pride" and emphasize core values as the Army prepares their soldiers for future assignments. The initial training program will be reengineered by providing additional subjects to instill Army values in the new soldier. During the additional week of training, the Army will add 54 hours of training by expanding human relations training; increasing training on values and traditions; adding a physical fitness training block; and incorporating a "warrior" field training exercise. The values of Respect, Duty, Honor, Integrity, Selfless Service, Loyalty, and Courage will receive greater emphasis in the expanded BCT and OSUT programs. The end result of this intensified initial entry training is a trained soldier with reinforced Army values and heritage. The FY 1999 budget also provides additional funding for Flight Training to support pilot training for modernized aircraft in the Active, National Guard, and Reserve Components. The Army continues its Army Training XXI

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(AT XXI) efforts, which provide the framework for the Army to train from individual to Joint Task Force (JTF) level. It incorporates the spectrum of Army training and education, integrating institutional, self-development and collective training initiatives. The AT XXI efforts represent the training strategy that will prepare Army forces to exploit new operational concepts, capabilities, and systems on future battlefields. Through an initiative called "Future Army Schools XXI Century," the Army in FY 1997 established a Total Army School System (TASS) with fully accredited and integrated Active Army, National Guard, and Army Reserve schools. Each Component is expanding its efforts to reduce duplication, share information and resources, and make the tough decisions on organizational change. Distance Learning technology will further enhance the operation of TASS and provide high quality, standardized training to soldiers and civilians.

Sustainment. Supplying and maintaining equipment for Army soldiers is essential to overall readiness. The FY 1999 budget supports sustainability by funding an executable depot maintenance program and critical logistics support programs such as second destination transportation, supply depot operations, the Conventional Ammunition Management Program, and Army Prepositioned Stocks (APS). While depot maintenance funding appears to decline from FY 1998 to FY 1999, this results primarily from the FY 1998 congressional increase to the program, the continuing realignment of requirements between this operation and maintenance program and the investment accounts to reflect the long standing convention of treating modernization as investment, and the impact of significant pricing changes. Amounts budgeted for these logistics programs are balanced to other Army programs and are fully executable to support required readiness levels.

Mobilization. The FY 1999 budget funds requirements associated with the completion of the 2 million square feet of Combat Service/Combat Service Support equipment prepositioned afloat to satisfy the Mobility Requirements Study/Mobility Requirements Study Bottom-Up Review and the Defense Planning Guidance. The budget supports strategic deterrence in Southwest Asia by funding the move of the Division Base and 3rd Battalion task force equipment sets. In addition, the Army continues to support deployment outload initiatives by funding infrastructure improvements at power projection installations and ammunition depots to ensure efficient "fort-to-port" throughput capacity for rapid power projection. These infrastructure projects will align the Army's CONUS based support with the strategic sealift program to meet the planning timelines calling for FY 2001 completion of the deployment outload program.

Quality of Life. The FY 1999 budget further contributes to force readiness by providing a quality of life structure for Army soldiers, civilians, and their families. This structure includes family programs such as Child Development Centers, the Exceptional Family Member Program, Army Community Services, and youth programs. The quality of life structure also includes maintenance and repair of housing for single and married soldiers as well as renovation of substandard barracks.

Facilities. The posts, camps, and stations provide the platform needed to train and launch today's power projection Army. The FY 1999 budget ensures this platform will be fully operational by funding key base support components to include communications, engineering and public works, and minor repairs and maintenance.

Explanation of Funding Changes for the Operation and Maintenance, Army Appropriation

From FY 1998 to FY 1999, the budget request increases by \$539.8 million. The FY 1999 increase is comprised of price growth of \$217.1 million, net transfer increases of \$454.6 million, and net program reductions of \$131.9 million.

	(\$ in Millions)		
	FY 1997 <u>Actual</u>	FY 1998 <u>Estimate</u>	FY 1999 <u>Estimate</u>
Budget Activity 1: Operating Forces	10,198.8	8,173.6	8,105.9
			<u>Change</u>
			-67.7

Resources support funding requirements for three Activity Groups: Land Forces, Land Forces Readiness, and Land Forces Readiness Support. These resources finance the day-to-day operations of the Army's active forces and support the combat units' readiness training activity levels. The Activity Group budget structure for the Operating Forces budget activity, implemented in FY 1998, clearly portrays readiness resources and provides increased visibility of all mission resources for planning, programming, and execution. The Land Forces activity group provides resources for distinct facets of the operating forces (e.g., divisions, corps combat forces and echelon above corps forces) and special force related training activities (i.e., combat training centers). The Land Forces Readiness activity group supports key activities essential to operational readiness, such as depot maintenance, participation in joint exercises, and combat development. And, lastly, the Land Forces Readiness Support activity group provides for infrastructure maintenance and support, management headquarters, unified command support, and special activities of the operating forces. For budget presentation purposes, the FY 1997 program has been redisplayed in this structure to facilitate comparison. The FY 1999 budget request of \$8,105.9 million reflects a net decrease of \$67.7 million from the FY 1998 funding level. This decrease includes \$115.1 million for price growth, \$75.1 million net decrease for functional transfers, and \$107.7 million of net program reductions.

Major program changes between FY 1998 and 1999 include:

- A transfer *out* of \$103.6 million from depot maintenance operation and maintenance to Army procurement accounts (Aircraft, Weapon and Tracked Combat Vehicles, and Other Procurement appropriations) for depot work performed in support of procurement funded end item modification/conversions.

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- A transfer in of \$22.7 million for depot maintenance from Research, Development, Test and Evaluation (RDT&E), Army appropriation to provide software maintenance on fielded weapon systems as part of the Post-Production Software Support program.
- An increase of \$142.6 million in training and associated maintenance costs to support a training strategy of 800 tank miles for Ground OPTEMPO.
- An increase of \$38.8 million to support implementation of the Panama Canal Treaty for facility turnover and withdrawal of troops.
- An increase of \$38.5 million in training range upgrades for Korean War era ranges to support modernized equipment and increased range maintenance.
- An increase of \$31.3 million to fund 700 additional security guards in Europe to combat terrorism.
- An increase of \$19.1 million in morale, welfare, and recreation to support quality of life programs such as fitness facilities, youth activities, and child development programs.
- An increase of \$18.7 million in barracks conversion to convert Voluntary Army Barracks (VOLAR) to the meet 1+1 standard.
- An increase of \$12.2 million in training development support for simulation to support numerous Army-wide Non-System Training Devices (NSTD).
- A decrease of \$151.7 million in depot maintenance primarily due to completion of the work associated with the FY 1998 congressional increase for UH-60 helicopter refurbishment and the M1 tank repair programs.
- A decrease of \$127.9 million in base operations support for infrastructure affordability reductions.
- A decrease of \$62.5 million in real property maintenance activities reductions occurring across the entire program to balance overall Army priorities and maintain critical infrastructure at acceptable maintenance and repair standards.
- A decrease of \$27.5 million in expected savings for Quadrennial Defense Review (QDR) Outsourcing & Privatization due to the completion of 12,000 studies.

Budget Activity 2: Mobilization

(\$ in Millions)			
FY 1997	FY 1998		98-99
	<u>Actual</u>	<u>Estimate</u>	<u>Change</u>
	543.9	518.0	+106.6

Resources provide funding for the Strategic Mobilization mission in support of crisis response through the prepositioning of equipment, the rapid deployment of CONUS based forces, and sustainment of industrial base preparedness. The FY 1999 budget request of \$624.6 million reflects a net increase of \$106.6 million from the FY 1998 funding level. This increase includes price growth of \$7.4 million and net program increases of \$99.2 million.

Major program changes between FY 1998 and 1999 include:

- An increase of \$66.1 million for real property maintenance and infrastructure improvements for rapid crisis response in support of the Army's Deployment Outload Program.
- An increase of \$18.8 million to support unutilized plant capacity for Army depot maintenance activities to preclude loss of critical manufacturing and repair capability due to reduced workload.
- An increase of \$11.1 million for afloat prepositioned stocks to support the lease, maintenance, and operation of one additional ship.
- An increase of \$7.8 million for prepositioned stocks in Southwest Asia to support fielding of the division base and 3rd battalion task force in Qatar.
- A decrease of \$4.6 million for Logistics Over the Shore deployment studies and analysis for outyear deployment requirements.

(\$ in Millions)

FY 1997	FY 1998	FY 1999	98-99
Actual	Estimate	Estimate	Change
3,187.5	3,178.5	3,235.6	+57.1

Budget Activity 3: Training and Recruiting

Resources support funding requirements for three Activity Groups: Accession Training, Basic Skill and Advanced Training, and Recruiting and Other Training and Education. These resources provide the cornerstone for the Army's ability to attract, recruit, and produce a trained force to meet the Army's mission. The FY 1999 budget request of \$3,235.6 million reflects a net increase of \$57.1 million from the FY 1998 funding level. This increase includes price growth of \$70.3 million, transfers in of \$113.2 million, and net program decrease of \$126.4 million.

Major program changes between FY 1998 and 1999 include:

- A transfer *in* of \$111.0 million primarily from OSD for Defense Acquisition University to implement the Secretary's Defense Reform Initiative.
- An increase of \$13.0 million for TRADOC utilities modernization and U.S. Military Academy real property maintenance projects.
- An increase of \$12.8 million for flight training on modernized aircraft.
- An increase of \$9.6 million for advertising in response to the challenging recruiting market expected to continue in FY 1999.
- An increase of \$9.3 million for Senior Reserve Officers' Training Corps (SROTC) scholarships and operations.
- An increase of \$2.5 million for Recruit Training and One Station Unit Training (OSUT) to extend training by one week.
- A decrease of \$109.4 million in base operations support for affordability reductions and to reflect savings from outsourcing and privatization initiatives.

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- A decrease of \$38.0 million for recruiter support due to less on hand production recruiters and a reduced contract mission.
- A decrease of \$17.8 million in specialized skill training and training support to reflect Army Distance Learning Plan (ADLP) savings as traditional classroom and student travel costs are reduced commensurate with reductions in resident instruction time.
- A decrease of \$7.0 million for civilian education and training as the civilian workforce continues to downsize.

	(\$ in Millions)		
	FY 1997 <u>Actual</u>	FY 1998 <u>Estimate</u>	98-99 <u>Change</u>
Budget Activity 4: Administration and Servicewide Activities	5,599.6	4,863.2	+443.7

Resources support funding requirements for four Activity Groups: Security Programs, Logistics Operations, Servicewide Support, and Support of Other Nations. These activity groups provide resources for the administration, logistics, communications, and other Servicewide support functions for Army forces worldwide. The FY 1999 budget request of \$5,306.9 million reflects an increase of \$443.7 million from the FY 1998 funding level. This includes price growth of \$24.3 million, transfers in of \$450.7 million, and a net program decrease of \$31.3 million.

Major program changes between FY 1998 and 1999 include:

- A transfer *in* of \$338.4 million for commissary operations resulting from the devolvement of the Defense Commissary Agency.
- A transfer *in* of \$33.9 million to reimburse the Defense Security Service for the costs of background investigations for Army personnel.
- A transfer *in* of \$103.7 million from the Pentagon Reservation Maintenance Revolving Fund to realign maintenance and operations costs with the customers.
- A transfer *out* of \$26.5 million to various procurement accounts to support program management operations.
- An increase of \$53.9 million for conventional ammunition stockpile management to fund increased requirements for inventory management, depot operations, and re-warehousing.
- An increase of \$20.0 million for Panama Canal Treaty Implementation for facility turnover and relocation of troops.
- An increase of \$13.1 million for barracks furniture to equip renovated barracks.
- A decrease of \$41.3 million for real property maintenance occurring across the entire program to balance overall Army priorities and maintain critical infrastructure at acceptable maintenance and repair standards.
- A decrease of \$65.7 million for servicewide transportation based on completion of retrograde of stocks from Europe, reduced beverage sales in Korea, and revamping of military postal support to U.S. State Department posts overseas.
- A decrease of \$31.0 million for logistics support activities to balance requirements with overall force structure reductions.

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(\$ in Millions)

FY 1997	Price	Program	FY 1998	Price	Program	FY 1999
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
21,055.3	+1,235.5	-638.4	21,652.4	-539.4	+814.2	21,927.2

The Operation and Maintenance, Navy (O&M,N) appropriation finances the day-to-day costs of operating naval forces, including fuel, supplies, and maintenance costs of ships, Navy and Marine Corps aircraft, other related weapon systems, and the support establishment ashore for naval forces.

The FY 1999 estimate of \$21,927.2 million includes a price decrease of \$539.4 million. This price decrease primarily results from Working Capital Fund (WCF) materials and supplies price changes and rate reductions at shipyards, weapon stations and military sealift activities. Program increases total \$814.2 million, which includes transfers of \$255 million to support the Defense Commissaries and \$33 million for reimbursement to Pentagon Reservation Fund for rent requirements. Another \$30 million has been transferred from the Operation and Maintenance, Defense-Wide appropriation to finance payments to the Defense Investigative Service for security background checks on a fee-for-service basis. Much of the total program increase is necessitated by the additional number and scope of ship maintenance availabilities and overhauls in FY 1999 (\$462 million) required to accomplish essential repair efforts on carriers, surface combatants, and the submarine force. Cruise missile maintenance also increases \$33 million to maintain sufficient levels of ready for issue assets. There is a one-time increase in FY 1999 of \$43 million to liquidate outstanding liabilities as the Pearl Harbor Pilot maintenance facility moves from the Navy Working Capital Fund to direct funding. Base support and real property maintenance have been increased by \$129 million to address Fleet quality of life and facilities maintenance priorities. These increases are partially offset by a decrease of \$129 million resulting from a decline in ship inactivations as the force downsizing nears completion and a decrease of \$81 million in aircraft depot maintenance made possible by additional funding in FY 1998 and force structure reductions.

Readiness continues to be our primary focus with flying hour and ship operations programs funded to meet Primary Mission Readiness (PMR) and OPTEMPO goals, while maintaining manageable levels of airframe, aircraft engine, and ship maintenance backlogs. Funding for incremental flying hours and deployed operations tempo in support of contingency operations in Southwest Asia are included in the FY 1999 Overseas Operations Transfer Fund budget supporting FY 1998 and FY 1999 requirements. Full funding of all known Class I and Class II environmental projects is also included. Significant changes by budget activity are as follows:

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Budget Activity 1: Operating Forces	(\$ in Millions)		
	FY 1997	FY 1998	FY 1999
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
	14,380.9	15,123.8	15,184.5
			<u>Change</u>
			+60.7

The Operating Forces budget activity funds the Navy's air operations, ship operations, combat operations/support, and weapons support. Included in each of these programs are the costs associated with operating Navy shore bases to support these missions. Furthermore, funds are used to maintain combat ready forces necessary to respond to national objectives in joint, naval and combined operations. It supports the forward presence and crisis response capabilities of the National Military Strategy.

The FY 1999 budget request of \$15,184.5 million provides \$4,788.8 million for Air Operations, \$7,093.4 million for Ship Operations, \$1,723.2 million for Combat Operations/Support, and \$1,535.8 million for Weapons Support. The Navy has budgeted \$43.3 million for the liquidation of Navy Working Capital Fund liabilities in support of the regional maintenance initiative in Pearl Harbor. The FY 1999 budget request includes \$526.4 million for pricing reductions and \$587.1 million for program growth. Major programmatic changes for this budget activity include:

Air Operations reflects an overall program reduction of \$57.4 million in FY 1999. This results from the deletion of a one-time FY 1998 congressional increase of \$70 million for aircraft depot maintenance and reflects force structure adjustments to active aircraft. The FY 1999 funding request sustains the flying hour Primary Mission Readiness (PMR) goal of 85 percent and also reflects the Navy's commitment to sustain Fleet Air Training and Air Operations safety and support and maintenance of infrastructure at the Naval Air stations. Estimates for aircraft depot maintenance decrease as a result of the one-time congressional increase in FY 1998 of \$70 million. The FY 1999 budget maintains the backlog of aircraft depot maintenance requirements at 101 units which is consistent with historic goals.

Ship Operations includes program growth of \$512.7 million. This growth is primarily attributable to ship depot maintenance. There is one additional overhaul in FY 1999 as well as an increase in the scope of planned ship availabilities. This budget funds 91 percent of the ship depot maintenance requirements identified by the fleets and represents a level consistent with past execution performance. The Ship Steaming Operations program is essentially unchanged from the FY 1998 level and fully supports the deployed/nondeployed OPTEMPO goals of 50.5/28 steaming days per quarter.

Combat Operations/Support programs reflect a program increase of \$6.6 million in FY 1999. Included in this growth is the transfer of \$38 million supporting the Joint Warfare Fighting Center and Joint Battle Center from the Department from the Army and \$1.3 million to the Army for Caribbean Area Operations. Other program increases are reflected in the Combat Communications (\$8.4 million), Space Systems and Surveillance (\$10.5 million), and Combat Support Forces programs for upgrades to C4I systems (\$11.0 million), construction battalion units (\$2.7 million), and mine warfare units operations and equipment maintenance (\$12.3 million), security force protection at the Administrative Support Unit in Bahrain (\$2.3 million), equipment purchases for the Fleet Information Warfare

Center (\$3.7 million), and requirements associated with the activation of the TAGOS-23 (\$5.5 million). These increases are partially offset by base operations and real property maintenance reductions of \$30.4 million resulting from downsizing initiatives, a decrease of \$17.6 million occurring with the completion of one-time FY 1998 congressional increases for upgrades to the Pacific Missile Range Facility (\$9.7 million) and the completion of oceanographic high resolution digital mapping databases (\$7.9 million) for shallow water operations, and the completion of environmental projects (\$3.6 million).

The Weapons Support program includes a program increase of \$81.8 million in FY 1999. The increases are principally related to the Cooperative Engagement Capability program (\$23.4 million), additional engineering support for the Advanced Combat Direction System (\$23.4 million), additional Cruise Missile recertifications (\$26.5 million), engineering support for mine warfare efforts (\$12.7) and engineering upgrades for AEGIS Cruisers and Destroyers (\$11.1million).

	(\$ in Millions)		
	FY 1997	FY 1998	FY 1999
	Actual	Estimate	Estimate
	1,131.9	1,226.3	998.3
Budget Activity 2: Mobilization			Change
			-228.0

This budget activity maintains assets that will support forces to rapidly respond to unforeseen contingencies throughout the world. Also funded is the maintenance, overhaul, and calibration of Navy-Type Navy-Owned (NTNO) equipment installed on Coast Guard ships and aircraft. Additionally, this budget activity funds the inactivation of ships, submarines, and aircraft including the maintenance of selected inactive ships and aircraft as well as material disposal costs. The FY 1999 program of \$998.3 million includes a price decrease of \$104.3 million and program decreases of \$123.7 million.

Major programmatic changes include a significant reduction in the ship inactivation workload (\$-129.2 million) due to one less nuclear cruiser Inactivation/Reactor compartment encapsulation and disposal, and the completion of a conventional carrier inactivation in FY 1998. The FY 1999 budget request includes \$9.8 million for the activation of an ammunition preposition ship to support USCENTCOM's aviation ordnance stockpile requirements. The FY 1999 budget also includes additional funds to perform one additional Fleet Hospital Service Life extension (\$3.5 million), which reconditions preposition hospital units in a cyclical basis, and Industrial Readiness by maintaining two Naval Weapons Stations in a mobilization status.

	(\$ in Millions)		
	FY 1997	FY 1998	FY 1999
	Actual	Estimate	Estimate
	1,580.0	1,661.7	1,741.4
Budget Activity 3: Training and Recruiting			Change
			+79.7

This budget activity funds all centrally managed or directed individual training required to meet established Navy training standards. This includes accession training, basic skills training, and professional military education provided at the Naval War College, the Naval Postgraduate School, and the Armed Forces Command and Staff College. It also includes Navy recruiting and advertising, centralized civilian training programs, the Junior Navy Reserve Officer Training Corps, and all base operating support for the above

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programs. Team training for ships of battle groups is funded in the Operating Forces budget activity, as is all advanced and refresher flight training and aircraft carrier qualifications.

The FY 1999 request of \$1,741.4 million includes price growth of \$22.3 million and program increases of \$57.4 million. Major programmatic changes for this budget activity are as follows:

Accession Training includes recruit training, Naval Academy operations, Reserve Officer Training Scholarships, and associated base operations support. In FY 1999, there are minor reductions for anticipated savings for civilian outsourcing initiatives and efficiencies associated with modernization (\$-2.1 million), offset by an increase for the full year contract costs (vice military personnel) for operations of the galley at Recruit training Command, Great Lakes (\$+2.8 million). Funding has also been included in 1999 for the continued renovation of Bancroft Hall (\$+6.2 million) and other real property maintenance at the Naval Academy (\$+8.5 million).

Basic Skills and Advanced Training supports specialized skill training, initial flight training, professional development training and base support for Navy schools providing this training. The program growth of \$43.4 million in FY 1999 is to implement the DoD Computer Crimes Training Program (\$+4.0 million), accommodate additional per diem costs for temporary duty instruction associated with new course requirements (\$+4.9 million), invest in training technology initiatives such as teletraining and distance learning (\$+4.1 million), increase pilot training rate (\$+2.3 million), sustain scholastic accreditation and academic standards (\$+6.6 million), outsource military billets (\$+20.9 million), and increase real property maintenance to reduce critical backlog of maintenance and repair projects (\$+16.1 million). These increases are offset by Quadrennial Defense Review-directed force structure reductions (\$-18.4 million), savings associated with the phase out of the T4AJ aircraft (\$-5.1 million), and reduced requirements for environmental projects (\$-4.6 million).

Recruiting and Other Training and Education estimates for FY 1999 reflect a program reduction of \$9.6 million to recruiting and advertising corresponding to reduced accession requirements which are more than offset by increases to the Acquisition Workforce Program (\$+5.6 million), and civilianization of recruiting support military billets (\$+5.2 million).

Increases in Specialized Skill Training of \$5.5 million, Professional Development Education of \$5.4 million, Training Support of \$12.0 million, and Civilian Education and Training of \$10.9 million support the Department's commitment to ensure consistency and continuity of training across specialties throughout the Department, thereby, accommodating the high OPTEMPO of the Department and the rapid rate of technological change.

	(\$ in Millions)		
	FY 1997 Actual	FY 1998 Estimate	FY 1999 Estimate
Budget Activity 4: Administrative and Servicewide Support	3,962.5	3,640.5	4,003.0
			Change
			+362.5

The Administration and Servicewide Support budget activity funds shore-based activities required for the effective operation of the Department of the Navy. The general services provided include administration and personnel support, engineering and acquisition

support, security and investigative support, humanitarian and civic support, centralized transportation, communications services, and base operating support. The FY 1999 program of \$4,003.0 million includes price growth of \$69.0 million and a net program increase of \$293.4 million, including the Commissary transfer. Major programmatic changes for this budget activity are as follows:

Programs in the Servicewide Support activity group reflect a FY 1999 increase of \$308.6 million primarily due to the new subactivity group, Commissary Operations, that includes the transfer of \$256.8 million for Defense Commissary support from the Defense Working Capital Fund. This realignment places the resource responsibility with the Services whose active duty Military are both the direct beneficiaries of the benefit and the people who define the support requirements of the commissaries. Also reflected is the transfer back to O&M,N Appropriation from the Defense-wide appropriations for the Pentagon Reservation funds (\$32.1 million), the stand up of seven regionalized Human Resource Service Centers and the headquarters organizations to support them while disestablishing the Office of Civilian Personnel Management (\$25 million), increased leased communications requirements (\$4.9 million), and support of infrastructure reduction and outsourcing initiatives throughout the Navy (\$17 million). These increases are partially offset by reductions in the Navy workload at the Defense Finance and Accounting Center (\$44.1 million), primarily due to the use of the International Merchant Purchase Authorization Card (IMPAC) and by reductions in base operations support costs and other personnel support costs consistent with force reductions, management efficiencies, National Performance Review initiatives, and Base Realignment and Closure (BRAC) actions (\$47.9 million).

Logistics Operations and Technical Support activity group programs reflect overall programmatic decreases in FY 1999 of \$25.6 million that are largely due to personnel downsizing and base closures at major Navy shore installations. Among those, the Planning, Engineering and Design program increase of \$5.7 million in FY 1999 supports upcoming environmental quality projects. The Acquisition and Program Management program decreases \$49 million as a result of completion of the one-time FY 1998 congressional increase of \$25 million for Smart Card Technology testing, and the completion in FY 1998 of the installation of the Joint Engineering Data Management Information and Control System at 34 sites (\$24 million).

In addition, the Air Systems Support Activity group reflects a net program decrease of \$7.1 million in FY 1999. The Air Systems Support increases \$8.9 million in FY 1999 for reliability centered maintenance initiatives. Base operations Support decreases \$7.3 million in FY 1999 due to savings related to the relocation of the Naval Air Systems Command from leased commercial spaces to the Naval Air Station Patuxent River, Maryland. Real Property Maintenance increases \$5.5 million due to increased funding for the demolition of property beyond economically feasible repair.

The Security Program Activity Group provides for a net program increase of \$9.4 million in FY 1999. In the Security Programs activity group, Investigations and Security Programs, which include the classified National Foreign Intelligence Program (Consolidated Cryptologic Program, General Defense Intelligence Program, and the Foreign Counterintelligence Program) decreases \$15.6 million in FY 1999 to reflect fewer classified requirements. The Naval Criminal Investigative Service (NCIS) increases \$24.0 million in FY 1999 principally as a result of a baseline transfer that reflects the establishment of the Defense Security Service (DSS) as a fee-for-service agency. The NCIS will now reimburse the DSS for the performance of background investigations.

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(\$ in Millions)					
FY 1997	Price	Program	FY 1998	Price	FY 1999
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Estimate</u>
2,351.7	+23.4	+5.2	2,380.3	+39.1	2,523.7
				+104.3	

The Operation and Maintenance, Marine Corps appropriation provides the funding for Marine Corps missions, functions, activities, and facilities except for those requirements related to: procurement of major items of equipment and ammunition, military personnel, military family housing, operations and maintenance of the Marine Corps Reserve, and those functions supported by Navy-sponsored appropriations.

The funds contained in this appropriation are intended primarily for the support of the Fleet Marine Forces, which consist of 173,906 active military and 16,502 civilian personnel full-time equivalents (FTE) in FY 1997; 172,987 active military and 16,575 civilian personnel full-time equivalents in FY 1998; and 172,200 active military and 16,393 civilian personnel full-time equivalents in FY 1999. The primary Marine Corps objective is to train and maintain the Fleet Marine Forces at a high level of combat readiness for service with the fleet, ashore, or for such other duties as the President may direct.

The two Fleet Marine Forces supported by this appropriation consist of Marine Expeditionary Forces (Division/Wing/Service Support Group Task Organizations), including a combination of combat and combat service support organizations and a variety of supporting units. This appropriation also supports two landing force training commands, Marine detachments afloat, the security forces assigned to Naval and other government activities ashore, maritime prepositioning ships, and Norway prepositioning.

Shore facilities receiving funding support from this appropriation are: three major bases; two recruit depots; eleven air installations; two logistics bases; one Marine Corps Combat Development Command; one Marine Corps Systems Command; one Marine Corps Air-Ground Combat Center; and two Expeditionary Warfare Training Groups.

The funding requested will maintain these facilities at standards that will permit effective utilization, avoid major replacement costs, and allow operation and maintenance on an economical and effective basis.

The Operation and Maintenance, Marine Corps appropriation also funds the individual training of enlisted personnel and officers from basic training to the highest Marine Corps technical training and the advanced training at schools of the other Services and at civilian

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institutions. The schooling produces highly trained and disciplined officers and enlisted personnel, capable of leadership growth as well as effective performance, for duty with the Fleet Marine Force.

This appropriation also supports the Marine Corps supply system. The principal objective of the supply system is to provide Marine activities/units with the proper material and equipment in the quantity, condition, time, and place required. Further, it supports other miscellaneous activities such as special training, second destination transportation of things, recruiting, equipment overhaul and repair, and miscellaneous expenses.

(\$ in Millions)			
FY 1997	FY 1998	FY 1999	98-99
<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
1,713.4	1,723.4	1,746.5	+23.1

Budget Activity 1: Operating Forces

The Operating Forces budget activity is comprised of two activity groups: Expeditionary Forces and USMC Prepositioning.

The Expeditionary Forces activity group provides funding for the operating forces that constitute the Marine Air-Ground Team and the Marine security forces at Naval installations and aboard Naval vessels. This budget activity also finances the field logistics and depot maintenance programs in support of the operating forces. In addition, the base operating support budgeted in this activity group finances the activities at the Marine Corps bases, camps, air stations and logistics bases in support of the Fleet Marine Forces.

The USMC Prepositioning activity group finances the Maritime Prepositioning Forces (MPF) program, the Norway Air Landed Marine Expeditionary Brigade (NALMEB) program, and the Aviation Logistics Support Ships (TAVB) program.

The FY 1999 budget request of \$1,723.4 million reflects a net increase of \$23.1 million from the FY 1998 funding level. This increase consists of \$33.3 million for price growth, \$4.9 million for net functional transfers, and \$15.1 million of net program reductions.

Major changes between FY 1998 and FY 1999 include:

- A transfer *in* of \$5.0 million for enhancement of the Marine Corps automated logistics systems because of the disestablishment of the Joint Logistics Systems Command.
- An increase of \$7.3 million for real property maintenance to slow the growth in the backlog of maintenance and repair projects.
- An increase of \$6.3 million to support the automated logistics operations at the Marine Corps Logistics Base, Albany, GA.
- An increase of \$ 5.9 million for increased operational closure (caretaker) costs associated with the closure of Marine Corps Air Stations El Toro and Tustin.

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- A decrease of \$50.5 million that reflects the termination of the Assault Amphibious Vehicle (AAV) Inspect and Repair Only as Necessary (IROAN) Program. Instead, the Marine Corps will upgrade the AAV to meet original standards through a modernization program funded in the Procurement, Marine Corps Appropriation.
- A decrease of \$12 million reflecting the FY 1998 one-time Congressional increase for real property maintenance.
- A decrease of \$8.6 million in the funding of replacement/replenishment of items and maintenance of equipment.
- A decrease of \$6.4 million for the purchase of personnel support equipment.

(\$ in Millions)			
FY 1997	FY 1998	FY 1999	98-99
<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
365.4	380.4	393.3	+12.9

Budget Activity 3: Training and Recruiting

The resources in this budget activity support recruiting, training, and the education of Marines. Recruit training encompasses the transition from civilian life to duties as a Marine and includes an intense period of training designed to prepare the new Marine for assignment to units of the Fleet Marine Force, major posts and stations, and duty-at-sea aboard vessels of the U.S. Navy. Officer Acquisition encompasses training candidates for appointment as commissioned officers prior to actual commissioning in the Marine Corps and Marine Corps Reserve. Nominees undergo intense courses of instruction prior to actual commissioning.

Upon completion of Officer Acquisition Training or Recruit Training, the Marine is assigned to courses of instruction to acquire the requisite skills necessary to meet the minimum requirements of a Military Occupational Specialty (MOS). In the case of an officer, this course involves completion of The Basic School at the Marine Corps Combat Development Command (MCCDC), Quantico, Virginia and the assignment to a MOS qualifying course such as the Infantry Officer Course or the Communication Officers School. The enlisted Marine undergoes Specialized Skill Training at Marine Corps installations or at schools run by the other Services, depending on his/her designated MOS.

This budget activity also provides training support for costs associated with travel and per diem for those Marines attending Service and civilian schools away from their permanent duty stations. Also included are costs for training support equipment, audio-visual aid, computer-assisted training programs, and direct administrative support to the training management functions and the Marine Corps Institute.

The FY 1999 budget request of \$ 393.2 million reflects a net increase of \$12.7 million from the FY 1998 funding level. This increase consists of \$6.8 million for price growth, \$0.9 million for net functional transfers out, and \$5 million of net program increases.

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Major changes between FY 1998 and FY 1999 include:

- Increases totaling \$9.8 million to support for Professional Development Education and Training.
- Increases totaling \$4.4 million to support recruiting efforts.
- A decrease of \$4.3 million reflecting the FY 1998 one-time Congressional increase for diversity advertising.

	(\$ in Millions)		
	FY 1997	FY 1998	98-99
	<u>Actual</u>	<u>Estimate</u>	<u>Change</u>
<u>Budget Activity 4: Administration and Servicewide Activities</u>	272.9	276.5	+107.4

This budget activity finances the Marine Corps-wide efforts of special support, transportation, personnel management, headquarters base support, real property maintenance, and commissary operations. In addition, Administration and Servicewide Activities includes civilian personnel salaries and the department and staff management of Headquarters, Marine Corps.

The Special Support subactivity group finances Marine Corps prisoners confined at the Army Disciplinary Command, Fort Leavenworth, Kansas; the Marine Band located at the Marine Barracks, 8th and I Streets, Washington, DC; and Quality of Life (QOL) programs such as childcare, youth development and family service centers. Special Support also supports the administration of missions, functions and worldwide operations of the Marine Corps. Cost of operations includes civilian personnel salaries, Defense Finance and Accounting Service reimbursement, automatic data processing, printing and reproduction, civilian and military travel, and personnel services on a Marine Corps-wide basis.

The Servicewide Transportation subactivity group finances all costs related to second destination transportation of cargo to the operating forces. Categories of transportation are: (a) Military Sealift Command for ocean cargo; (b) Inland Transportation by Commercial Carriers for movement between CONUS installations and ports; (c) Military Airlift Command for movement of priority cargo in support of Fleet Marine Force units; and (d) Military Traffic Management Command and commercial sources for port handling of ocean cargo.

Within Budget Activity 4, the Base Operations subactivity group funds the support for Headquarters Battalion, Headquarters, Marine Corps and military personnel assigned to Headquarters, U.S. Marine Corps. Also included in this activity group are injury

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compensation payments and procurement of collateral equipment required for the initial outfit of completed new military construction projects at Marine Corps bases.

Beginning in FY 1999, the Commissary Operations subactivity group finances support to commissaries located within and adjacent to Marine Corps bases. Previously, a direct appropriation to the Defense Working Capital Fund (DWCF) funded commissary operations. This subactivity group provides to the Marine Corps their share of the direct appropriation for commissary operating costs, and thus, places commissary appropriated resources with the military service whose members are the direct beneficiaries of the commissary system.

The FY 1999 budget request of \$383.9 million reflects a net increase of \$107.4 million from the FY 1998 funding level. This increase consists of \$0.1 million for reduced price changes, \$115.6 million for net functional transfers, and \$7.2 of net program reductions.

Major changes between FY 1998 and FY 1999 include:

- A transfer *in* of \$86.8 million for the Marine Corps share of the functional transfer that moves direct appropriated fund support for commissary operations from the DWCF to the Service's operation and maintenance appropriations. This realignment places the resource responsibility with the Services whose active duty military are both the direct beneficiaries of the benefit and the people who define the support requirements of the commissary.
- A transfer *in* of \$18.8 million for rent and maintenance of space occupied in the Pentagon.

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(\$ in Millions)

FY 1997	Price	Program	FY 1998	Price	Program	FY 1999
Actual	Growth	Growth	Estimate	Growth	Growth	Estimate
18,564.3	+1,101.8	-1,276.1	18,390.0	+147.9	+639.1	19,177.0

Funding requested in the Air Force's Operation and Maintenance (O&M) appropriation directly supports the Air Force's capability to develop, train, sustain, and integrate the elements of air and space power to produce: core competencies of air and space superiority, global attack, rapid global mobility, precision engagement, information superiority, and responsive combat support. The synergy of these competencies provides the full range of air and space capabilities to combined forces commanders by providing the funds needed to: operate and maintain aircraft and related weapon systems; train personnel; operate communications, command and control systems; and purchase supplies, equipment and fuel. These O&M resources also support essential combat-related activities such as intelligence, logistics, weather, air traffic control, search and rescue, maintenance of runways and base facilities, and the working and living environment of Air Force personnel.

Financial requirements in the O&M appropriation are based on programmed force structure and operating activity levels such as flying hours, deployments, full-time equivalents (workyears), and scheduled weapon systems maintenance. A critical balance must be maintained within this appropriation, as well as between O&M and other Air Force appropriations to maintain current, and assure future, readiness. The O&M resources requested are sufficient to support current force structure, field new or modernized systems on schedule, and sustain the infrastructure. The budget reflects the priority of protecting readiness and sustainability, funding logistics and infrastructure accounts at acceptable levels, and continuing critical quality of life initiatives within a constrained resource climate.

The Air Force O&M budget contains an overall program increase of \$639.1 million in FY 1999, of which \$618.1 million is the result of functional transfers, and \$21.0 million (0.1 percent) is real program growth. The major functional transfers include \$302.1 million from the Defense Commissary Agency for commissary operations and \$210.3 million from the Air Force's RDT&E appropriation to align base support and real property maintenance for 3 RDT&E bases (Eglin, Edwards, and Arnold AFBs) into the O&M appropriation. Other transfers include \$70.1 million from the Military Personnel, Air Force appropriation for actions associated with A-76 studies, and \$31.1 million from the Aircraft Procurement, Air Force appropriation for Contract Logistics Support of RC-135 aircraft.

Force Structure Changes. Force structure changes are not as significant as in previous years but still continue to reduce funding requirements. The active Air Force Fighter Wing Equivalents of combat coded fighter aircraft is at 12.58 in FY 1999. Overall Primary Aircraft Authorized (PAA) increases by 37 aircraft (or 1 percent). Changes include the transfer of 6 B-1 bombers from attrition reserve as the B-1 completes its reorientation as a conventional bomber, the delivery of 22 T-1A Jayhawk for Specialized Undergraduate Pilot Training, and the buy back of T-37s and T-38s from attrition reserve to meet increased pilot production requirements. In addition, 2 C-32s for Presidential Fleet support are scheduled for delivery. Flying hours remain level with previous

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years. The intercontinental ballistic missile fleet remains at 50 Peacekeeper and 500 Minuteman IIIs. Civilian manpower declines by 2 percent (over 2,000 spaces) after normalizing for the transfer of base support and real property maintenance funding from the RDT&E appropriation to the O&M appropriation. Military manpower remains relatively constant.

Quality of Life. A fundamental Air Force tenet is putting its people first. Complex weapon systems are not effective without motivated highly trained and educated Airmen—officers, enlisted, and civilians. Meeting their core needs is the fundamental underpinning to combat readiness. This budget continues the strong emphasis on recruiting, educating, and training by increasing education programs while developing and keeping a highly skilled workforce. In addition, the budget request includes an increase in appropriated fund support for Child Development Centers, thereby lowering parent fees. The Air Force is also funding family readiness programs to help families cope when the Air Force member is deployed.

Readiness. Air Force Readiness, the ability of our assigned forces to execute their designated mission in the time required, remains a top O&M budget priority. Air and Space forces must maintain a high state of readiness to meet the rapid response time required to support theater commanders' needs. Airlift, tanker, fighter, communications, reconnaissance, and intelligence units are among the first forces required in any warfighting effort. Current Air Force readiness levels allow us to deploy a relevant force rapidly anywhere in the world to respond to a wide spectrum of conflict. This budget request supports continuing OPTEMPO at the current levels of approximately 19 hours per crew per month for fighters. Also, the requested level of funding sustains high aircraft mission capable rates.

Logistics and Infrastructure. The Air Force has continued to emphasize Depot Purchased Equipment Maintenance (DPEM) funding. The budget request complies with congressional direction to separately identify depot maintenance by establishing four distinct subactivity groups for depot maintenance, one within each budget activity. The depot maintenance program is funded at 83 percent of requirements, which is comparable to FY 1998 levels. Congressional increases in FY 1998 and additional Air Force funding in FY 1999 have been provided to address the corrosion problems on the KC-135s.

Depot Level Repairables are financed at 95 percent of requirements and real property maintenance is funded at the preservation maintenance level (PML), which allows the Air Force to meet the majority of critical facility and infrastructure requirements and only funds essential recurring maintenance requirements.

Force Protection. The Air Force continues to institute an aggressive series of force protection measures throughout the United States and the Central Command area of responsibility. To help combat this increased terrorist threat, the Air Force will stand up a field organization called the Air Force Security Forces Group at Lackland AFB, TX. This organization integrates force protection programs and provides trained and ready forces capable of deploying base force protection capabilities. The Air Force also has a force protection battle lab contained within the organization that will focus on exploring and integrating technology, tactics, and training to increase our force protection readiness.

Bomber Force Upgrades. Bomber modernization is critical to the development of the Air Expeditionary Force (AEF) and fulfilling the Air Force core competency of Global Attack—the ability to project power rapidly, precisely, and globally. Whether employing

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from the CONUS, or at higher sortie rates from in-theater, bombers provide lethality to an AEF with large payloads of direct attack and stand-off weapons. The Air Force continues to improve the bomber fleet conventional response by extending precision capabilities into the night and all-weather realms with greater standoff capabilities. The B-1 bomber, originally designed as a nuclear weapons delivery platform is undergoing the Conventional Mission Upgrade Program to transition to a conventional-only platform. Likewise, advancements in the B-1's weapons carriage to include Joint Direct Attack Munitions (JDAM) will improve platform lethality. The B-2 stealth bomber makes a unique contribution to global power projection. The original B-2 Block 20 provided a quantum leap in warfighting capability. These aircraft incorporated the first generation of avionics systems to include the Terrain Following (TF) and Global Positioning System satellite navigation capability. The Air Force has begun upgrading to the Block 30 airframe to baseline the airframe's full low observable and combat mission potential. Additionally, onboard systems such as the TF, communications, situation awareness and targeting will reach full maturity. By FY 2000, all B-2s will be upgraded to Block 30 and be designated "fully deployable."

Space Superiority. A robust space launch capability is essential for maintaining Air Force core competencies related to space. Space launch provides access to space for essential navigation, communications, weather, intelligence, and missile warning systems required to support the warfighters and other Air Force core competencies. Titan launch vehicles continue to deliver heavy payloads such as Defense Support Program, MILSTAR, and other National User satellites into orbit in support of national security objectives. Atlas and Delta launch vehicles provide capabilities for Global Positioning System (GPS) satellites and Defense Satellite Communications Systems. In addition, FY 1999 begins the first year of Space Based Infrared System (SBIRS) operation. The SBIRS, which replaces the Defense Support Program, consolidates DoD's non-imaging infrared systems into a single overarching architecture that fulfills the nation's security needs in the areas of missile warning, missile defense, technical intelligence, and battlespace characterization. This newly emerging technology allows commanders to verify an adversary's technical ability, strength, and disposition.

Information Superiority. Success in the 21st century will require greater reliance on and protection of information technology. The Air Force is expanding use of systems such as the Joint Surveillance Target Attack Radar System (JSTARS), Rivet Joint, and the U-2. Also, the Air Force is standardizing the network of linked weapons, intelligence, reconnaissance, and command and control platforms to increase the commander's situation awareness. In FY 1999, the first Predator Unmanned Aerial Vehicle (UAV) squadron will reach Initial Operational Capability. The Predator has been used in Bosnia and made a significant contribution to the joint force commanders. The FY 1999 budget request also continues funding for the Information Warfare Squadron which ensures protection of information systems both in garrison and when deployed.

Outsourcing and Privatization (O&P). The Air Force has established general guidelines to determine what areas are not inherently governmental, military essential, or legislatively protected as candidates for O&P. Where functions currently performed by military personnel are determined to *not* be *military essential*, the functions are first transferred from the Military Personnel appropriation to the O&M appropriation. Then, an A-76 study is performed to determine whether the function will remain in-house or be contracted out. The FY 1999 O&M budget includes anticipated savings of \$104 million from O&P, which are reflected throughout the budget.

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Narrative Explanation of Major Changes by Budget Activity:

	FY 1997	FY 1998	FY 1999	98-99
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
	9,636.1	9,683.0	9,909.7	+226.7

Budget Activity 1: Operating Forces.

This budget activity consists of three activity groups: Air Operations, Combat Related Operations, and Space Operations. These funds provide support for fighter, bomber, and missile forces assigned to Air Force operational commands. They also provide global command, control, and communications; the capability to launch payloads into various earth orbits; and a worldwide network of sites and terminals to relay data gathered by satellites. Also included in this budget activity are unique missions such as combat test, and training fighter aircraft; electronic warfare aircraft; Tactical Air Control aircraft; command, control and communications, including the Airborne Warning and Control aircraft; Dissimilar Air Combat Training aircraft; support ranges; and command and base support personnel and activities.

Major FY 1999 changes include:

- Price growth of \$38.4 million.
- Functional transfers of \$79.1 million including \$31.3 million from the Air Force's Military Personnel Appropriation for functions deemed "not military essential" that are under study to be either contracted out or converted to in-house civilian labor according to the rules of OMB Circular A-76; \$38.6 million from Aircraft Procurement for Contractor Logistics Support (CLS) for the RC-135 and Compass Call aircraft; and \$11.2 million for an information infrastructure transfer. These increases are partially offset by the transfer out of \$7.2 million to centralize civilian PCS.
- Increase of \$54.8 million for depot level repairables (DLRs) for the B-1, B-2, F-15E, and F-16 aircraft.
- Increase of \$23 million for the F-15 Distributive Mission Training (DMT) initiative which converted flying hours to simulator hours. Under DMT, simulators will provide interactive, real time combat mission training capability at designated operational locations throughout the Air Force.
- Decrease of \$37.0 million for estimated savings as a result of increased competition and expanded employee/private sector participation. These savings have been realigned from Air Force O&M to Air Force modernization accounts.

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FY 1997	FY 1998	FY 1999	98-99
<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
2,899.9	2,840.6	2,808.9	-31.7

Budget Activity 2: Mobilization.

The funds requested for this budget activity provide global mobility through strategic and tactical airlift to support contingency and wartime operations in pursuit of national objectives. The rapid movement and sustainment of U.S. combat forces anywhere in the world to deter aggression or provide humanitarian/peacekeeping assistance is a major instrument of U.S. security policy. This budget activity funds airlift operations; airlift operations command, control, communications, and intelligence; mobilization preparedness; and payments to the Transportation Business Area.

Major changes in FY 1999 include:

- A price decrease of \$15.2 million.
- Transfers *in* of \$20.2 million including \$9.3 for information infrastructure; \$5.7 million for combat controller; and \$3.3 million for diagnostic software equipment requirements.
- Program decrease of \$14.6 million reflecting savings that will be achieved through increased competition and outsourcing.

Budget Activity 3: Training and Recruiting.

The funds requested for this budget activity support three broad mission areas--Accession Training, Basic Skills and Advance Training, and Recruiting & Other Training and Education. Accession Training operations produce the enlisted and officer personnel needed to meet total force requirements. Officer accessions receive indoctrination training through the United States Air Force Academy (USAF), Air Force Reserve Officer Training Corps (AFROTC), Officer Training Squadron (OTS), and Airmen Education and Commissioning Program (AEC). Basic skills and advanced training operations provide Air Force personnel (and individuals of other services) training and education essential to operate, maintain, and manage complex Air Force weapon systems and associated support structure. Flying training programs include flight screening, undergraduate pilot training, specialized undergraduate pilot training (SUPT), specialized undergraduate and advanced navigator training, pilot instructor training (PIT), and undergraduate helicopter training. Other training programs cover initial and follow-on technical skill progression training, professional military education, specialized professional development, and related training support.

FY 1997	FY 1998	FY 1999	98-99
<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
1,587.0	1,651.8	1,698.5	+46.7

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Major FY 1999 changes include:

- Price growth of \$24.5 million.
- Functional transfers *in* of \$15.2 million from the Military Personnel appropriation for functions that are "not military essential" and are to be converted to civilian or contract operations based on OMB Circular A-76 guidelines.
- An increase of \$26.1 million to increase pilot production by 50 per year to reach goal of 1,100 pilots produced per year by FY 2001. In addition, the Air Force Reserve Instructor Pilot program is being expanded and flight screening instructors at the Air Force Academy are being converted from military to contract.
- An increase of \$6.3 million for furniture buys for the Air Force Academy and the new Officer Training School facility.
- A decrease of \$24.0 million for anticipated savings from outsourcing, privatization, and other base support savings initiatives.

FY 1997	FY 1998	FY 1999	98-99
<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
4,441.3	4,214.6	4,759.8	+545.2

Budget Activity 4: Administration and Servicewide Activities.

This budget activity funds four broad mission areas -- Logistic Operations, Servicewide Support, Security Programs, and Support to Other Nations. Logistics Operations includes Air Force Logistics Operations, Technical Support Activities, Servicewide Transportation, and Base Support. It primarily funds the operation of Air Force Materiel Command (AFMC), which provides Air Force-wide cradle-to-grave acquisition and logistics support and comprises 90 percent of the resources in this activity group. The Servicewide Activities cut across the entire Air Force to ensure combat capability and maintain readiness, effective leadership, efficient management, and adequate support to Air Force units and personnel in diverse geographic locations. Much of this is accomplished via a number of highly specialized and unique Air Force organizations. The Security Programs includes the Air Force Office of Special Investigations (AFOSI) and a series of classified programs. Finally, the Support to Other Nations activity group provides support to the North Atlantic Treaty Organization (NATO); Supreme Headquarters Allied Powers Europe (SHAPE); and other international headquarters.

Major FY 1999 changes include:

- An increase of \$100.0 million for price growth.
- Functional transfers *in* of \$302.1 million from the Defense Commissary Agency to provide the Services with increased flexibility for commissary operations and transfer of \$210.3 million from the RDT&E appropriation to align base support and real property maintenance for R&D bases with O&M funded bases. This will provide greater cost visibility for base infrastructure costs.

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- Functional transfer *in* of \$44.1 million for the Pentagon Renovation Maintenance Revolving Fund from the O&M, Defensewide appropriation to the individual customer accounts.
- Savings of \$25.5 million from outsourcing and privatization initiatives.
- Reduction of \$29.5 million for real property after a one-time congressional increase for real property quality of life projects.
- A decrease of \$11.6 million from reduced movement of Air Force war reserve material assets, Air Post Office Mail, and the Tactical Air Munitions Program.

DEFENSE - WIDE

(\$ in Millions)				
FY 1997 <u>Actual</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 1998 <u>Estimate</u>	Price <u>Growth</u>
10,244.2	+304.2	-133.9	10,414.5	+324.2
				<u>Program Growth</u>
				+12.0
				<u>FY 1999 Estimate</u>
				10,750.7

The Operation and Maintenance, Defense-Wide (O&M, D-W) appropriation supports a wide range of programs which have been consolidated to achieve maximum efficiency by avoiding overlap and duplication among the Services. The Defense Agencies are essential to the accomplishment of the missions of the Military Departments. Functions of the various Agencies include direct readiness related programs, mobilization programs, training and education programs, and administration and service wide activities, e.g., intelligence activities, audit and contract management activities, treaty implementation, nuclear weapons management and analysis, dependent education, military personnel support, and management support to the Department. Additionally, this appropriation provides O&M funding for all Special Operations Forces.

The Defense Reform Initiative (DRI), announced in November 1997 by the Secretary of Defense, directs a number of major changes to activities and programs funded in the O&M, D-W appropriation beginning in FY 1998. Most significant are the reorganization of the Office of the Secretary of Defense (OSD), the merger of three Defense Agencies into a single agency, and the disestablishment of the remaining Defense Support Activities (DSA). The reorganization of OSD is designed to allow the staff to focus on corporate-level tasks, pushing operational management tasks to a lower level. Some of the DRI decisions require additional statutory or presidential authority, which the Department is seeking. Highlights of the DRI as it directly affects the O&M, D-W appropriation are as follows:

- The DSAs are disestablished and their functions and resources are transferred to either OSD or the Defense Agencies. Personnel authorizations for OSD and the DSAs are reduced by 33 percent from FY 1996 levels. Further, the practice of augmenting staffs with overstrength personnel has been eliminated. The reduction is achieved over the next 18 months by eliminating some functions and transferring others to more appropriate line organizations. Detailed OSD streamlining plans that include functional transfers out of OSD, internal restructures, and realignments and further downsizing have largely been developed and are now being implemented.
- Effective October 1, 1998, the Defense Threat Reduction and Treaty Compliance Agency (DTRTCA) is established by merging the resources and functions of the Defense Special Weapons Agency, the Defense Technical Security Administration, and the On-Site Inspection Agency. Additionally, DTRTCA will assume certain functions currently performed in OSD including management of the Cooperative Threat Reduction, Partnership for Peace (Warsaw Initiative), and Weapons of Mass Destruction programs.

DEFENSE-WIDE

- Finally, the DRI directs the transfer of the Defense Acquisition University from the Defense Logistics Agency (DLA) to the National Defense University (O&M, Army), the Defense Property Accountability System from the Defense Finance and Accounting Service to DLA, and the Joint Spectrum Center from the Air Force to DISA. Additionally, the DRI directs studies to determine the feasibility of contracting out certain functions of the American Forces Information Service.

All personnel transfers for those Defense Reform Initiatives implemented in FY 1998 (OSD, DSAs, Defense Acquisition University, and Joint Spectrum Center) are reflected in the gaining organization's budget. Funding associated with these personnel will transfer to the new organizations in FY 1999.

At the summary level, O&M, D-W increases by \$336.2 million in FY 1999 to \$10,750.7 million from the FY 1998 Current Estimate of \$10,414.5 million.

Highlights of program adjustments between FY 1998 and FY 1999 are on the following page:

DEFENSE-WIDE

DEFENSE-WIDE

Description:

FY 1998 Current Estimate

(\$ in Millions)

10,414.5

Price Growth

+324.2

Program Changes

+12.0

Transfers In

+247.6

Transfers Out

-463.0

Net Functional Transfers

-215.4

Other Program Changes

Financed in FY 1998 Only

-181.8

Civilian Personnel Downsizing

-39.4

Readiness and Warstoppers

+56.7

Classified Programs

+150.8

Information Technology

+137.1

Education Improvements

+41.0

Defense Threat Reduction and Treaty Compliance Agency mission enhancements

primarily for treaty implementation

+31.6

Net other program adjustments

+31.4

FY 1999 Request

10,750.7

A brief description of the major budget activities, along with a description of significant program changes in FY 1999 follows:

	(\$ in Millions)		
	FY 1997	FY 1998	FY 1999
	Actual	Estimate	Estimate
Budget Activity 1: Operating Forces	1,439.2	1,540.6	1,559.4
			Change
			+18.8

The Operating Forces include funding for The Joint Staff and the Combatant Commanders and the US Special Operations Command. From FY 1998 to FY 1999, the Operating Forces budget activity increases by \$18.8 million. The net change includes price growth of \$9.4 million, functional transfers-out of \$48.3 million, and net program increases of \$57.7 million.

DEFENSE-WIDE

DEFENSE-WIDE

Functional Transfers (\$-48.3 million): The FY 1999 budget request for Operating Forces recognizes the following functional transfers:

- The Joint Staff transfers \$4.6 million for the Standard Tactical Entry Point (STEP) to the Defense Information Systems Agency (Budget Activity 4).
- The Joint Warfighting Center (JWFC) and the Joint C4ISR Battle Center (JBC) transfer \$38.7 million to the U.S. Atlantic Command as directed in the Defense Reform Initiative.
- Combating Terrorism Readiness Initiative realigns \$5.0 million to the Procurement Defense-Wide appropriation.

Program Growth (\$+57.7 million): The FY 1999 growth reflects increases in the following initiatives:

-Joint Vision 2010 (\$1.4 million) -- The increase supports the growing, aggressive assessment requirements at the JWFC and joint experimentation with the CINCs, Services, and Defense Agencies. The increase is in response to a recommendation by the National Defense Panel emphasizing joint experimentation and the infusion of greater jointness.

-Joint Staff Modeling and Simulation (\$6.3 million). -- The increase will provide for planning and execution analysis, as well as improved force structure assessments capabilities for future defense wide force assessments. Without the increase, the Joint Staff will be unable to complete the development of the Joint Warfare System to support critical analytic assessments.

-Enhancements in Special Operations Forces (SOF) readiness (\$31.0 million). -- The increase provides for various enhancements in force structure readiness, including support for the delivery and deployment of 18 new Rigid Inflatable Boats; the operation and maintenance of a full complement of 20 MK V crafts; two months in the deployment time of additional Special Boat Squadrons; maintenance costs due to extended operational use of the Patrol Coastal ships; the replenishment of spare parts, replacement of worn out equipment, and maintenance of additional variant systems for the Joint Base Station program; and life-cycle sustainment efforts of fielded special SOF communications radios and related systems.

-The JCS Exercise program (\$13.0 million) -- The program was cut by 19 percent in FY 1998 after the allocation of undistributed congressional reductions. The amount budgeted in FY 1999 returns the program to the QDR approved plan to reduce the funding by 15 percent from the FY 1996 baseline level.

-Other program adjustments (\$6.0 million).

DEFENSE-WIDE

	(\$ in Millions)		
FY 1997	FY 1998	FY 1999	98-99
Actual	Estimate	Estimate	Change
27.4	35.0	38.9	+3.9

Budget Activity 2: Mobilization

Budget Activity 2 funds the purchase of the Defense Logistics Agency War Stopper items. These items are required for mobilization but do not have a peacetime demand that is adequate to maintain an industrial base sufficient for mobilization. After considering price growth (\$0.5 million), the War Stopper Program reflects an increase of \$3.4 million in FY 1999. The FY 1999 increased funding requirements include funding of Industrial Preparedness Measures (IPM), Industrial Base Maintenance contracts, rotational stock contracts, and food production equipment to support surge requirements for combat rations.

	(\$ in Millions)		
FY 1997	FY 1998	FY 1999	98-99
Actual	Estimate	Estimate	Change
138.2	154.2	62.7	-91.5

Budget Activity 3: Training and Recruiting

Budget Activity 3 finances the Defense Information School of the American Forces Information Service, the Defense Acquisition University, the Defense Business Management University, the DoD Security Institute, the DoD Polygraph Institute, the Defense Personnel Security Research Center, and activities directly attributable to supporting USSOCOM schools. From FY 1998 to FY 1999, the Training and Education budget activity decreases by \$91.5 million. The net change includes price growth of \$2.9 million, net functional transfers out of \$94.1 million and a net program decrease of \$0.3 million.

Functional Transfers (-\$94.1 million): The FY 1999 budget request for Training and Education recognizes the following functional transfers:

- Transfers responsibility and funding of \$95.4 million for the Defense Acquisition University to the Army (National Defense University) in accordance with the Defense Reform Initiative.
- Transfers \$1.2 million from the Air Force O&M for broadcast TV maintenance and repair support costs at the Defense Information School.
- Transfers in \$0.1 million and one full time equivalent from the Food and Drug Administration to the Defense Security Service (DoD Polygraph Institute).

DEFENSE-WIDE

DEFENSE-WIDE

	FY 1997	FY 1998	FY 1999	98-99
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
	8,639.4	8,684.7	9,089.7	+405.0

Budget Activity 4: Administration and Servicewide Activities

Budget Activity 4 funds the following:

- Overall management of the Department of Defense including the Office of the Secretary of Defense (OSD), The Joint Staff (TJS), Washington Headquarters Services (WHS), and Defense Legal Services Agency (DLSA)
- Contract audit and administration - Defense Contract Audit Agency (DCAA), and the Defense Contract Management Command (DCMC) of the Defense Logistics Agency
- Personnel security investigation - Defense Security Service (DSS)
- Nuclear and advanced weapons effects expertise - Defense Threat Reduction and Treaty Compliance Agency (Formerly Defense Special Weapons Agency)
- Treaty verification responsibilities - Defense Threat Reduction and Treaty Compliance Agency (Formerly On Site Inspection Agency)
- Technology Security Program - Defense Threat Reduction and Treaty Compliance Agency (Formerly Defense Technology Security Administration)
- Education of Military Dependents - Department of Defense Dependents Education Activity (DoDDE)
- Communications activities for the control of worldwide strategic communications services - Defense Information Systems Agency (DISA)
- Central management of Prisoner of War/Missing Personnel affairs within the DoD - DoD Prisoner of War/Missing Personnel Office (DPMO)
- Civilian Personnel Management - DoD Human Resources Activity (DHRA)
- Executive, management, and technical training for the DoD financial community - Defense Finance and Accounting Service (DFAS)
- Information, audiovisual, and visual information activities - American Forces Information Service (AFIS)
- Technical and financial assistance to communities affected by base closures - Office of Economic Adjustment (OEA)
- Other Logistics Services - Defense Logistics Agency (DLA)
- Provides program management and implementation support to Humanitarian Assistance and Demining Programs - Defense Security Assistance Agency (DSAA)
- Intelligence functions and other classified activities (Defense Intelligence Agency, National Security Agency and National Imagery and Mapping Agency).

The net change from FY 1998 to FY 1999 for Budget Activity 4 is \$405.0 million and includes price growth of \$311.4 million, net functional transfers out of \$73.0 million, and program increases of \$166.6 million.

DEFENSE-WIDE

Functional Transfers (\$-73.0 million):

Transfers Out (\$-323.9 million)

- Transfers \$198.8 million to the Military Departments to decentralize funding responsibility for the renovation of the Pentagon.
- Transfer of \$110.8 million from the Defense Security Service to the Defense Working Capital Fund (DWCF) to implement fee-for-service funding of the Personnel Security Investigations Program in FY 1999.

- Defense Reform Initiative related transfers-out of \$13.8 million:

NATO personnel program to the Army	2.5
Net Assessment to NDU	2.5
SECDEF Strategic Studies Group to NDU	0.6
Emergency Planning to the Army	1.3
Nuclear Command and Control to STRATCOM	0.6
Health Affairs to TRICARE (DHP)	2.6
OSD functions to the Army	3.1
OSD functions to DTIC	0.1
OSD functions to Navy	0.1
OSD functions to Air Force	0.1

- Support of Special Events from Defense Human Resources Activity to the Army (\$0.5 million).

Transfers In (\$+250.9 million):

- Transfers \$4.6 million for the Standard Tactical Entry Point (STEP) from the Joint Staff (Budget Activity 1) to the Defense Information Systems Agency.
- Transfers \$14.1 million for the Joint Spectrum Center from the Air Force to the Defense Information Systems Agency.
- Transfers \$1.0 million for the Rapid Acquisition of Manufactured Parts (RAMP) from the Navy to the Defense Logistics Agency.
- Transfers \$3.7 million for the Continuous Acquisition and Life Cycle Support (CALCS) from the Air Force to the Defense Logistics Agency.
- Transfers \$10.0 million for the Defense Property Accountability System (DPAS) from the Defense Finance and Accounting Service DWCF to the Defense Logistics Agency.

DEFENSE-WIDE

Functional Transfers (Continued):

- Transfers \$31.7 million from the DWCF to the Defense Logistics Agency for certain programs funded in the DWCF in FY 1998.
- Transfers \$5.5 million for the Arctic Military Environmental Cooperation (AMEC) - Program previously funded in the Former Soviet Union Threat Reduction appropriation. This realignment recognizes the need for cooperation between military organizations using the AMEC framework for mitigation of military impacts on the Arctic environment.
- Transfers \$2.4 million for the Acquisition Deskbook from the R&D appropriation to the Office of the Secretary of Defense.
- Classified Programs transfer - (\$+177.9 million).

Program Changes (\$+166.6 million):

- FY 1998 Discontinued Programs (\$-181.8): The FY 1998 estimate for Administration and Service-Wide Activities reflects a decrease of \$181.8 million for programs financed in FY 1998 but not continued in FY 1999, as detailed below:

Defense Personnel Support Center Demolition	-10.2
Repairs to Federally Funded Schools	-10.2
Industrial Modernization	-50.8
Automated Document Conversion Technology	-20.3
Legacy Program	-10.2
Job Placement Program	-6.1
Indian Lands Mitigation	-8.1
Security Locks Free Issue Program	-5.1
Cargo Technologies	-3.0
Family Counseling	-3.0
Math Teacher Leadership Development Program	-0.3
Federal Energy Management Program	-15.2
Exercise Northern Edge	-5.1
GORTEX/NOMEX Flight Suits	-3.4
Monterey Institute Counterproliferation Analysis	-9.1
Fort Ord Defense Conversion	-7.6
San Diego Conversion Center	-7.6
First Responder Training	-1.3
21 st Century National Security Study	-3.0
Long Range Air Power Panel	-2.0

DEFENSE-WIDE

DEFENSE-WIDE

- Civilian Personnel Downsizing (\$-39.4 million) – This reduction results from the downsizing of the Defense Agencies.
- JCS Modeling and Simulation (\$+6.4 million) – This increase provides for improvements in post Cold War theater-level models, including new simulation tools for trade-off analysis and system alternatives (\$1.1 million); publications and other multimedia material for the Joint Doctrine System (\$1.4 million); travel costs associated with support of real world and exercise observation (\$.8 million); and for new requirements in the Global Combat Support System (\$3.1 million).
- Classified Programs (\$+150.8 million).
- Information Technology (\$+137.1 million):

Mobile Satellite Program (\$15.1 million) - Resources for civilian pay and facilities operation, site operational costs for contractor support, and circuit connectivity support.

Information Systems Security (\$11.0 million) - Ensures component Defense Information Infrastructure (DII) security architectures support requirements for the Defense Message System (DMS) program; integrates security management tools at the Defense MegaCenters; provides information warfare modeling and simulation to facilitate risk management.

Global Command Support System (\$10.9 million) – Provides for technology upgrades for systems associated with the Regional Communication Control Support Activities.

National Communications Services (DWCF) (\$12.3 million) - Funds transition for Advanced Intelligent network features and cellular priority call activities into the Government Emergency Telecommunications Service (GETS) program.

Government Emergency Telecommunications Service (\$15.7 million) - Funds end-to-end priority treatment of the Public Switch Network access lines.

Systems Support (\$11.5 million) – Funds additional contract support to the DII Common Operating Environment for the DII Integration contract, and Joint Interoperability Engineering Organization (JIEO) Systems Engineering contracts and realigns funds for critical analytical and technical support to the Unified Commands and the Joint Staff.

Standard Procurement System (SPS) (\$23.0 million) - Increased funding to provide the infrastructure for DLA's deployment of SPS and to support other office automation initiatives critical to achieving DCMC reductions in labor and travel.

Standard Procurement System (SPS) (\$6.8 million) - Additional funding to complete deployment of the SPS by 2001.

Defense Civilian Personnel Data System (DCPDS) (\$-5.3 million) – Reduction due to completion of the DCPDS project.

Information Services (\$-3.0 million) - Reduction in DLA Information Services costs due to decrease in workload.

DEFENSE-WIDE

- Information Technology (Continued):

Defense Integrated Military Human Resource System (DIMHRS) (\$5.8 million) - Funds the first full year for systems requirements definition and development

Defense Civilian Personnel Data System (DCPDS) (\$17.3 million) - Funding is increased for DoD oversight, maintenance, and sustainment of the modernized DCPDS system after the completion of software development and fielding in September 1998.

Defense Travel System (\$16.0 million) - Funding is increased to accelerate system development and implementation with a new target of full operational capability within three years.

- Education (\$+41.0 million):

Financial Management, Executive, and Professional Training (DFAS) (\$9.8 million) - The funding for executive, management, and technical training is increased to upgrade the skill levels of the DoD financial community and to provide training for the newly fielded DFAS financial and accounting operating systems.

President's Technology Initiative (\$23.1 million). - The increase in funding provides for the acceleration of the insertion of personal computer equipment and software in DoD dependent school classrooms. The initiative is in direct response to the Vice President's goal of increasing computer and automation technology awareness in the Nation's school systems. The additional funds will provide for equipment and Internet connectivity for all schools.

Defense Leadership and Management Program (\$8.1 million) - Increased funding supports set-up of the instructional site, student travel, student equipment, curriculum development and other instructional support costs. Funds also support civilian personnel requirements for the program to include service participants and Component support.

- Defense Threat Reduction and Treaty Compliance Agency Mission Enhancement (\$+31.6 million):

Chemical Weapons (CW) Escort Missions (\$9.0 million) - Increased costs associated with the responsibility for paying/reimbursing the Organization for the Prohibition of Chemical Weapons for inspection team costs incurred during Chemical Weapons Convention inspections of DoD chemical weapons facilities.

Nuclear Weapons Accident Field Training Exercise (\$1.2 million) - Increase to support contractual costs for a full-scale biennial Nuclear Weapons Accident Field Training Exercise.

Defense Against Weapons of Mass Destruction Initiative (\$6.0 million) - Increased requirement to support extensive preparedness testing of the integrated capability of Federal, state, and local organizations.

DEFENSE-WIDE

DEFENSE-WIDE

- Defense Threat Reduction and Treaty Compliance Agency Mission Enhancement (Continued):

Partnership for Peace (\$15.4 million) – Increased operational support to fund exercises and new/ongoing exchange programs and studies. The additional funds are consistent with the DoD objectives to establish and enhance military-to-military contacts with former Warsaw Pact members.

- Other O&M Program Changes (+\$20.9 million)

DEFENSE - WIDE

Summary by Budget Activity

(\$ In Millions)

Operation and Maintenance, Defense-Wide

	<u>FY 1997</u>	<u>Price</u>	<u>Program</u>	<u>FY 1998</u>	<u>Price</u>	<u>Program</u>	<u>FY 1999</u>
	<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
Total	10,244.2	+304.2	-133.9	10,414.5	+324.2	+12.0	10,750.7

Budget Activity 1 - Operating Forces

	<u>FY 1997</u>	<u>Price</u>	<u>Program</u>	<u>FY 1998</u>	<u>Price</u>	<u>Program</u>	<u>FY 1999</u>
	<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
<u>Subtotal</u>	1,439.2	+122.7	-21.3	1,540.6	+9.4	+9.4	1,559.4
TJS	437.5	63.2	-60.2	440.5	1.9	-32.4	410.1
USSOCOM	1,001.7	59.5	38.9	1,100.1	7.4	41.8	1,149.3

Budget Activity 2 - Mobilization

	<u>FY 1997</u>	<u>Price</u>	<u>Program</u>	<u>FY 1998</u>	<u>Price</u>	<u>Program</u>	<u>FY 1999</u>
	<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
<u>Subtotal</u>	27.4	+4	+7.2	35.0	+5	+3.4	38.9
DLA	27.4	.4	7.2	35.0	.5	3.4	38.9

Budget Activity 3 - Training and Recruiting

	<u>FY 1997</u>	<u>Price</u>	<u>Program</u>	<u>FY 1998</u>	<u>Price</u>	<u>Program</u>	<u>FY 1999</u>
	<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
<u>Subtotal</u>	138.2	+3.2	+3.9	154.2	+2.9	-94.4	62.7
AFIS	14.2	.3	-3.1	11.3	.3	-.5	11.1
DAU	93.2	1.6	-1.2	93.6	1.8	-95.4	.0
DSS	.0	.0	.0	8.9	.2	.1	9.2
USSOCOM	30.8	1.3	8.2	40.3	.7	1.3	42.4

DEFENSE-WIDE

DEFENSE-WIDE

Budget Activity 4 - Administration and Servicewide Activities (\$ In Millions)

	<u>FY 1997</u> <u>Actual</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 1998</u> <u>Estimate</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 1999</u> <u>Estimate</u>
<u>Subtotal</u>	8,639.4	+178.0	-123.8	8,684.7	+311.4	+93.6	9,089.7
AFIS	90.2	1.5	1.5	93.2	1.9	-1.3	93.8
CMP	.0	.0	71.7	71.7	1.1	-27.9	44.9
INTELL	3,443.1	78.5	-133.1	3,388.5	86.3	328.7	3,803.6
CIM	27.3	.0	-27.3	.0	.0	.0	.0
DCAA	321.4	11.6	-9.4	323.6	12.4	-5.9	330.1
DFAS	9.6	.1	56.2	65.9	1.0	16.4	83.3
DSS	191.8	5.2	-11.5	176.6	4.2	-106.6	74.2
DISA	713.8	10.5	-41.4	682.9	12.2	76.1	771.1
DLA	1,109.4	19.4	-62.8	1,066.1	28.6	45.5	1,140.1
DLSA	8.1	.2	.2	8.5	.3	.2	9.0
DODDE	1,375.0	28.0	-106.9	1,296.2	38.4	13.1	1,347.7
DHRA	89.7	1.9	78.0	169.6	3.4	25.9	198.9
DPMO	12.4	.3	1.3	14.0	.3	-2	14.1
DSAA	.0	.0	.0	.0	.0	4.6	4.6
DSWA	88.6	1.5	-3.1	87.0	1.6	-88.6	.0
DSA	139.8	2.3	-45.3	96.8	1.8	-98.5	.0
DTRA	.0	.0	.0	.0	.0	304.7	304.7
DTSA	10.5	.2	-2	10.4	.2	-10.6	.0
FEMP	.0	.0	15.0	15.0	.2	-15.2	.0
OEa	36.8	.6	76.1	113.5	1.8	-84.1	31.2
OSD	462.5	8.0	-79.1	391.4	8.4	-30.0	369.8
OSD No Year	.0	.0	.0	.0	.0	.0	.0
OSIA	67.4	1.5	25.4	94.3	1.6	-95.9	.0
TJS	116.3	1.9	-1	118.1	13.0	8.5	139.6
USSOCOM	51.6	.8	-10.4	42.0	.9	4.2	47.1
WHS	273.9	4.1	81.3	359.4	91.6	-169.2	281.7

DEFENSE-WIDE

RESERVE COMPONENTS

(\$ in Millions)

	<u>FY 1997</u> <u>Actual</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 1998</u> <u>Estimate</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 1999</u> <u>Estimate</u>
Army Res	1,140.6	25.0	42.3	1,207.9	27.7	-33.0	1,202.6
Navy Res	884.7	63.4	-30.6	917.5	-5.7	16.8	928.6
MC Res	109.7	1.2	5.4	116.3	2.0	-3.7	114.6
AF Res	1,493.3	131.5	27.4	1,652.2	18.0	74.5	1,744.7
Army Nat Gd	2,293.8	64.0	61.3	2,419.1	84.5	-66.8	2,436.8
Air Nat Gd	<u>2,737.1</u>	<u>229.3</u>	<u>93.5</u>	<u>3,059.9</u>	<u>26.5</u>	<u>7.5</u>	<u>3,093.9</u>
Total	8,659.2	514.4	199.3	9,372.9	153.0	-4.7	9,521.2

The Operation and Maintenance appropriation provides funding for operating Reserve Components' forces and maintaining their assigned equipment in a state of readiness which will permit rapid deployment in the event of full or partial mobilization. Reserve Component personnel maintain adequate skill levels in highly technical specialties through training during weekend drills and active duty training. Concurrently, the Reserve Components contribute significant support to a variety of Active mission areas. Summary program data for the Reserve Components is displayed below.

Program Data

	<u>FY 1997</u> <u>Actual</u>	<u>FY 1998</u> <u>Estimate</u>	<u>FY 1999</u> <u>Estimate</u>	<u>98-99</u> <u>Change</u>
SelRes End Strength	902,219	886,114	877,094	-9,020
CivPers End Strength	77,389	79,563	77,031	-2,532
Aircraft Inventory (End FY)	4,305	4,225	4,167	-58
Ship Inventory (End FY)	18	18	18	-
Flying Hours (000)	900	899	940	+41
Steaming Hours (000)	32	30	34	+4

RESERVE COMPONENTS

ARMY RESERVE

Program/Price Growth. The FY 1999 budget request decreases by \$5.3 million from the FY 1998 level. This decrease is the net of an increase of \$27.7 million for price growth, a decrease of \$14.4 million for functional transfers, and a program decrease of \$18.6 million.

Functional Transfers. Functional transfers decrease O&M, Army Reserve funding by \$14.4 million in FY 1999. A transfer of \$10.8 million to the Active Army O&M account supports the return of FT Hamilton back to the Active Army, and a transfer of \$3.6 million to O&M, Army National Guard provides funds for modernization of training ranges.

Program Discussion. Army Selected Reserve end strength remains constant between FY 1998 and FY 1999 at 208,000. Program reductions in FY 1999 include a decrease for real property maintenance (\$28.2 million) due to the impact of an FY 1998 congressional add, reduced utilities (\$8.5 million) based on an effort to streamline utilities costs, and a reduction in the flying hour program (\$3.1 million) due to increased use of simulator training. These reductions are offset by program increases for OPTEMPO (\$20.2 million) which will fund units deploying in less than 75 days at 75 percent of requirement and for the Army Reserve's expanded role in incidents involving weapons of mass destruction (\$5.1 million).

Army Reserve Program Data

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>98-99</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
SelRes End Strength	212,850	208,000	208,000	-
CivPers End Strength	9,584	11,238	10,839	-399
Aircraft Inventory (End FY)	132	132	132	-
Flying Hours (000)	25	36	36	-
Reserve Centers	837	832	821	-11

RESERVE COMPONENTS

NAVY RESERVE

Program/Price Growth. The FY 1999 budget request increases by \$11.1 million from the FY 1998 level. This increase is the net of a decrease of \$5.7 million for price growth, an increase of \$3.1 million for functional transfers, and a program increase of \$13.7 million.

Functional Transfers. Functional transfers increase O&M, Navy Reserve funding by \$3.1 million in FY 1999. Transfers from the Active Navy O&M account include the transfer of the Enlisted Personnel Management Center (\$2.6 million) and the Navy Material Data Systems Command (\$.5 million).

Program Discussion. The Navy Selected Reserve end strength decreases from 94,294 in FY 1998 to 90,843 by the end of FY 1999. This reduction of 3,451 end strength will bring the Navy Reserve strength levels to within 1,400 of their QDR goal of 89,400. The FY 1999 request includes real program growth of \$13.7 million from the FY 1998 level. Major program changes include an increase in depot maintenance (\$71.2 million) to reduce the level of deferred aircraft and ship maintenance and an increase in the flying hour costs (\$7.0 million) due to increased cost of aviation depot level repairables. These FY 1999 increases are offset by the impact of one-time FY 1998 congressional adds for NSIPS (\$43.5 million) and real property maintenance (\$20.0 million).

Navy Reserve Program Data

	<u>FY 1997</u> <u>Actual</u>	<u>FY 1998</u> <u>Estimate</u>	<u>FY 1999</u> <u>Estimate</u>	<u>98-99</u> <u>Change</u>
SelRes End Strength	95,317	94,294	90,843	-3,451
CivPers End Strength	2,390	2,368	2,291	-77
Aircraft Inventory (End FY)	268	259	246	-13
Battle Force Ship Inventory (End FY)	18	18	18	-
Flying Hours (000)	127	127	126	-1
Steaming Hours (000)	32	30	34	+4

RESERVE COMPONENTS

RESERVE COMPONENTS

MARINE CORPS RESERVE

Program/Price Growth. The FY 1999 budget request decreases by \$1.7 million from the FY 1998 level. This decrease is the net of an increase of \$2.0 million for price growth and a program decrease of \$3.7 million.

Functional Transfers. There are no functional transfers in FY 1999.

Program Discussion. The Marine Corps Selected Reserve end strength decreases from 40,855 in FY 1998 to 40,018 by the end of FY 1999. This decrease represents approximately 20 percent of the reductions required by the QDR. It is anticipated that the Marine Corps Selected Reserve will achieve their QDR goal of 37,800 end strength by the end of FY 2002. The FY 1999 program decreases by \$3.7 million from the FY 1998 level. Program decreases include the impact of a one-time FY 1998 congressional add for M1A1 tank training (\$3.0 million) and reduced operating support costs due to civilian end strength reductions directed by the QDR (\$1.4 million). These program decreases are offset by the increase for telecommunications equipment and engineering support services associated with the consolidation of four Marine Corps Reserve Commands at Richards-Gebaur Memorial Airport (\$1.6 million).

Marine Corps Reserve Program Data

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>98-99</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
SELRES End Strength	41,997	40,855	40,018	-837
CIVPERS End Strength	159	161	161	-
AIRCRAFT Inventory (End FY)	185	185	185	-
FLYING Hours	45	43	45	+2

RESERVE COMPONENTS

AIR FORCE RESERVE

Program/Price Growth. The FY 1999 budget request increases by \$92.5 million from the FY 1998 level. This increase is the result of an increase of \$18.0 million for price growth and a program increase of \$74.5 million.

Functional Transfers. There are no functional transfers in FY 1999.

Program Discussion. The FY 1999 program increases by \$74.5 million from FY 1998 levels. Major program changes include an increase for depot maintenance (\$80.0 million) to reduce the level of deferred maintenance, an increase to support new requirements for the Air Force Network Control Center and Theatre Battle Management (\$5.4 million), and an increase in the KC-135 associate squadron size (\$3.2 million). The FY 1999 program is further increased by additional environmental compliance funding to support level II requirements (\$2.1 million) and the annualization of costs to stand up an A-10 training squadron (\$2.1 million). These program increases are offset by the migration of C-5 associate flying hours to simulator (\$7.3 million) and across-the-board civilian personnel reductions (\$7.6 million).

Air Force Reserve Program Data

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>98-99</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
SelRes End Strength	71,986	73,447	74,242	+795
CivPers End Strength	15,002	15,253	15,064	-189
Aircraft Inventory (End FY)	401	400	393	-7
Flying Hours (000)	135	137	135	-2
Flying Units	62	60	60	-

RESERVE COMPONENTS

ARMY NATIONAL GUARD

Program/Price Growth. The FY 1999 budget request increases by \$17.7 million from the FY 1998 level. This increase is the net of an increase of \$84.5 million for price growth, an increase of \$12.5 million for functional transfers, and a program decrease of \$79.3 million.

Functional Transfers. Functional transfers increase O&M, Army National Guard by \$12.5 million in FY 1999. Transfers from the Active Army O&M account include base support costs for the Ft. McClellan and Ft. Indiantown Gap transfers (\$7.7 million), support costs for modernization of training ranges (\$8.2 million), and transfers related to depot maintenance functions (\$.4 million). These increases are offset by a transfer to the Active Army O&M account for combat unit Active Component to Reserve Component support (\$3.8 million).

Program Discussion. The FY 1999 budget provides the training and operations for a Selected Reserve end strength of 357,000. Army National Guard end strength decreases from 361,516 in FY 1998 to 357,000 by the end of FY 1999. The FY 1999 program decreases by \$79.3 million from the FY 1998 level. Major program changes include an increase in OPTEMPO (\$43.0 million) for units deploying between 30 and 75 days to fund 70 percent of requirements and an increase for depot maintenance (\$38.0 million) to reduce the level of deferred maintenance. These increases are offset by reductions for environmental projects (\$18.6 million) based on a reevaluation of mandatory requirements, reduced contractor support for the Operational Support Airlift Command (\$12.2 million), reduced medical care and supplies due to a declining force (\$7.7 million), and reduced training support (\$43.5 million) to fund higher priority items. The FY 1999 program is further reduced due to the impact of FY 1998 congressional adds for real property maintenance (\$50.4 million), for military support to civilian authorities (\$10.2 million), and for automated information systems (\$17.0 million).

Army National Guard Program Data

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>98-99</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
SelRes End Strength	370,046	361,516	357,000	-4,516
CivPers End Strength	25,265	25,605	24,312	-1,293
Aircraft Inventory (End FY)	2,127	2,065	2,041	-24
Flying Hours (000)	264	268	309	+41
Training Centers	79	79	79	-

RESERVE COMPONENTS

AIR NATIONAL GUARD

Program/Price Growth. The FY 1999 budget request increases by \$34.0 million from the FY 1998 level. This increase is the net of an increase of \$26.5 million for price growth, an increase of \$3.1 million for functional transfers, and a program increase of \$4.4 million.

Functional Transfers. Functional transfers increase O&M, Air National Guard funding by \$3.1 million in FY 1999. Transfers from the Active Air Force O&M account include funding to support the transfer of training range responsibilities to the Air National Guard (\$2.8 million) and funding for the development and procurement of the Joint Recruiting Information Support System (\$.3 million).

Program Discussion. Air National Guard end strength decreases from 108,002 in FY 1998 to 106,991 by the end of FY 1999. This brings the Air National Guard within 1,400 of their QDR end strength goal. The FY 1999 program increases by \$4.4 million from the FY 1998 level. Major program changes include an increase for aircraft and engine maintenance for the bulkhead replacement on F-16 aircraft and additional depot workload required on the KC-135 (\$17.5 million), an increase related to the change from F-16 to F-15 training aircraft (\$6.6 million), and an increase for facility enhancements and workload requirements at four units converting to F-16 general purpose force aircraft (\$3.5 million). The FY 1999 program is further increased for equipment maintenance requirements for the Senior Scout mission (\$2.7 million). These program increases are offset by reductions for the elimination of the Pacer Coin mission (\$9.6 million), reduced costs associated with closure of Griffiss AFB (\$6.9 million), reduction of civilian personnel due to smaller civil engineering units (\$2.8 million), a decrease in technician manpower related to the reduction of two tactical air control units (\$2.1 million), and a reduction for environmental projects based on a reevaluation of mandatory requirements (\$1.6 million).

Air National Guard Program Data

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>98-99</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
SelfRes End Strength	110,023	108,002	106,991	-1,011
CivPers End Strength	24,989	24,938	24,364	-574
Aircraft Inventory (End FY)	1,192	1,184	1,170	-14
Flying Hours (000)	373	361	358	-3
Flying Units	88	88	88	-

OFFICE OF THE INSPECTOR GENERAL

(\$ in Millions)				
FY 1997	Price	Program	FY 1998	Price
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>
138.5	+4.2	-4.3	138.4	+3.6
				<u>Program</u>
				<u>Growth</u>
				-9.9
				<u>FY 1999</u>
				<u>Estimate</u>
				132.1

The Office of Inspector General (OIG) audits and investigates the programs and operations of the Department of Defense. Additionally, the OIG recommends policies and conducts activities to promote economy, efficiency, and effectiveness in DoD programs and operations by preventing and detecting fraud, waste, and abuse. The OIG also informs DoD management and Congress about the problems and deficiencies in programs and operations, and the progress of corrective action.

The budget includes \$132.1 million for the OIG, which reflects a net program decrease of \$9.9 million in FY 1999. The program decreases are primarily the result of the OIG's continued downsizing efforts (\$8.1 million) and completion of one-time information management initiatives in FY 1998 (\$1.9 million). Minor program growth results from additional emergency and extraordinary expense authority to support an increase in criminal investigative operations (\$0.1 million).

OVERSEAS, HUMANITARIAN, DISASTER, AND CIVIC AID

(\$ in Millions)						
	FY 1997	Price	Program	FY 1998	Price	Program
	<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>
Humanitarian Demining	20.0	.3	+13.8	34.1	.5	-.4
Humanitarian Assistance	29.0	.4	-7.4	22.0	.4	+6.7
Grant to Red Cross for Armed						
Forces Emergency Services	25.8*	.4	-26.2	-	-	-
Total	74.8	1.1	-19.8	56.1	.9	+6.3
						63.3

* \$25.8 million was appropriated in the FY 1997 Emergency Supplemental Act (P.L. 105-18) to fund a grant to the American Red Cross for emergency services to the Armed Services.

The FY 1999 President's Budget requests \$63.3 million in the Overseas, Humanitarian, Disaster and Civic Aid (OHDACA) account to finance humanitarian assistance and humanitarian demining programs.

Humanitarian Demining Program: The President, on September 17, 1997, directed a significant expansion in humanitarian demining clearance and mine awareness training activities. To support the President's new anti-personnel landmine policy, the DOD OHDACA budget includes \$34.2 million to fund the geographical Commanders-in-Chief's (CINC) humanitarian demining activities and supporting programs. These funds will provide for assessments of newly designated countries, ongoing worldwide training operations, incremental funding of high-priority, emerging operations such as Bosnia, and evaluations of current programs to determine if projected 'end states' have been met. Travel and transportation requirements for deploying forces are a major expense of the program. Deployments utilize highly skilled Special Operations Forces (SOF), Explosive Ordnance Disposal personnel, and U.S. Army Engineers to establish indigenous demining programs and train and advise host nation cadre in managing sustainment operations.

Recipients receiving or being considered to receive humanitarian assistance include countries from Sub-Saharan Africa, the Pacific Rim and Asia, Europe, North Africa, Latin America, the Caribbean, and the Middle East. Countries which will receive humanitarian

OVERSEAS HUMANITARIAN, DISASTER, AND CIVIC AID

demining assistance or are under consideration for such assistance include Angola, Bosnia, Cambodia, Chad, Costa Rica, Eritrea, Ethiopia, Egypt, Guatemala, Guinea-Bissau, Honduras, Jordan, Mozambique, Laos, Lebanon, Namibia, Nicaragua, Rwanda, Thailand, Yemen, and Zimbabwe.

Humanitarian Assistance: This budget proposes \$29.1 million for FY 1999 to finance general humanitarian assistance worldwide activities. Program segments include: CINC humanitarian assistance programs, emergency responses carried out mostly by the CINCs (including Humanitarian Daily Rations), and routine transportation provided for privately donated relief supplies. Program descriptions and proposed funding levels follow.

1. CINC humanitarian assistance programs: The budget includes \$19.1 million in FY 1999 for CINC humanitarian assistance activities. DoD, in coordination with the Department of State, transports excess defense non-lethal property in support of U.S. national security and foreign policy objectives. Funding also provides for acquisition and shipment of transportation assets to assist in distribution activities; acquisition and provision of relief supplies; refurbishment and restoration of excess DoD equipment; storage of excess articles; and inspection, packaging and intermediary warehouse storage until excess items can be delivered. The costs of providing DoD assistance include other activities by U.S. military personnel targeted at relieving suffering and improving CINC presence in countries, including assessment, training and installation, and modest construction, and medical, technical, engineering and logistical assistance. Among the functions of such activities is survey and assessment to ensure that DoD excess property is appropriate, and to install equipment and train personnel in its operation.

2. CINC emergency responses: The budget contains \$9.0 million in FY 1999 to improve the capacity of the Department, through the CINCs and otherwise, to respond to disasters and to the humanitarian aspects of security crises. Among the activities covered by this item are transportation of emergency assistance (procurement and excess property) during foreign disasters and programs to prepare for such activities.

Of this amount, \$1.5 million is for the procurement of 300,000 Humanitarian Daily Rations (HDRs) and for prepositioning and storage of the HDRs in various locations. The FY 1999 purchases are based on our current assessment of a minimum level of 300,000 per year of recurring requirements in response to crises. Prior to FY 1993, DoD was required to draw down Meals Ready to Eat (MREs) out of U.S. military stocks to meet emergency requirements in Northern Iraq and Bosnia. DoD development and purchase of

OVERSEAS HUMANITARIAN, DISASTER, AND CIVIC AID

HDRs allows the USG to more effectively meet foreign disaster relief requirements at one third the cost of MREs. The HDR program has also strengthened the industrial base for production of the MRE.

An additional \$7.5 million is included to cover the costs of other DoD crisis response and preparedness activities. Such programs include unanticipated requirements that are tasked by the National Command Authority. Examples include certain activities in support of humanitarian evacuation. (For example, in FY 1996 and 1997, the Department covered a small portion of the costs associated with the evacuation of Kurdish employees and associates of DoD and the USG from northern Iraq.) This item also provides support for systematic collection and analysis of information relating to disasters and other humanitarian crises, establishment of collaborative relations and programs with partners in the private voluntary sector in the U.S., and with those in foreign countries, and training in issues relevant to response to humanitarian crisis. Examples of emergency responses include transportation, logistical support, medical evacuation, and refugee assistance, in the form of both supplies and services. Projects also include those that build Non Governmental Organizations (NGO) and recipient country emergency response capacity, so as to reduce the potential need for U.S. military involvement in crisis response.

3. Transportation of donated relief: The budget contains \$1.0 million in FY 1999 for the transportation of privately donated goods. Providing such support to NGOs provides two principal benefits to DoD. It supplements the total assistance available for humanitarian response with private resources, and also cultivates goodwill between DoD and NGOs. Transport for other organizations' relief supplies is accomplished by the lowest cost transportation available (usually by sea or in-theater air assets).

FORMER SOVIET UNION THREAT REDUCTION

(\$ in Millions)				
FY 1997	Price	Program	FY 1998	FY 1999
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Estimate</u>
363.6	+5.4	+12.5	381.5	442.4
				<u>+54.8</u>

The FY 1999 budget contains \$442.4 million to support continuation of the destruction and nonproliferation of nuclear, chemical, and other weapons of mass destruction in Russia, Ukraine, Kazakhstan, and Belarus. The net program growth in FY 1999 of \$54.8 million includes increases for Strategic Offensive Arms Elimination (SOAE) in Russia (\$63.3 million), Chemical Weapons (CW) Destruction - Russia (\$52.4 million), Fissile Material Storage Facility - Russia (\$2.3 million), Warhead Dismantlement Processing - Russia (\$9.4 million), Weapons Storage Security - Russia (\$5.1 million), Nuclear Weapons Transportation Security (\$10.3 million), and Biological Weapons (BW) Proliferation Prevention (\$2.0 million). This growth is partially offset by decreases in Strategic Nuclear Arms Elimination (SNAE) in Ukraine (\$30.4 million), Fissile Material Storage Containers (\$7.1 million), Reactor Core Conversion - Russia (\$11.9 million), Biological Weapons/Chemical Weapons (BW/CW) Facility Dismantlement (\$20.3 million), Defense and Military Contacts (\$7.5 million), and Other Assessments/Administration Costs (\$12.8 million). The following table shows the FY 1997 to FY 1999 Former Soviet Union Threat Reduction program:

	FY 1997	FY 1998	FY 1999	98-99
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
Strategic Offensive Arms Elimination - Russia	59.8	77.9	142.4	+64.5
Strategic Nuclear Arms Elimination - Ukraine	47.0	76.7	47.5	-29.2
Chain of Custody				
Fissile Material Storage Facility - Russia	66.0	57.7	60.9	+3.2
Fissile Material Storage Containers - Russia	23.5	7.0	0	-7.0
Warhead Dismantlement Processing - Russia	0	0	9.4	+9.4
Nuclear Weapons Transportation Security - Russia	0	0	10.3	+10.3
Weapons Storage Security - Russia	15.0	36.0	41.7	+5.7
BW/CW Facility Dismantlement	9.0	20.0	0	-20.0
Biological Weapons Proliferation Prevention	0	0	2.0	+2.0
Chemical Weapons Destruction	70.7	35.4	88.4	+53.0
Reactor Core Conversion - Russia	10.0	41.0	29.8	-11.2
Other Program Support	<u>62.6</u>	<u>29.8</u>	<u>10.0</u>	<u>-19.8</u>
Total	363.6	381.5	442.4	+60.9

FORMER SOVIET UNION THREAT REDUCTION

Former Soviet Union Threat Reduction objectives for FY 1999 are as follows:

Strategic Offensive Arms Elimination - Russia:

- Initiate several new projects in Russia, including projects to dismantle SSBNs and dispose of nuclear reactors and reactor fuel from SSBNs; to operate facilities to eliminate solid rocket motors from SS-24, SS-25, and SS-N-20 missiles; to eliminate ICBM launchers; and to provide equipment to facilitate the disposition of liquid propellant oxidizer.
- Continue assistance to Russia to accelerate strategic arms reductions to START I levels.

Strategic Nuclear Arms Elimination - Ukraine:

- Initiate new projects in the Ukraine to facilitate ongoing SS-24 missile elimination and to dismantle START-accountable strategic bombers and air launched cruise missiles.
- Continue assisting the Ukraine to eliminate all START-accountable SS-24 missiles and silo launchers.

Chain of Custody (Nuclear Weapons and Fissile Materials):

- Initiate a new project to download Russian strategic missiles and transport warheads to secure storage.
- Strengthen the security, control, and accounting of Russian nuclear weapons in transit and storage.
- Initiate a new project to provide assistance in the processing of classified warhead components to increase the rate of Russian warhead dismantlement and further restrict Russia's ability to rapidly reconstitute its nuclear forces.
- Provide design support and construction assistance in building the capability needed for safe, secure, and ecologically sound storage of fissile material from dismantled weapons.

Biological Weapons (BW) Proliferation Prevention: Initiate a new project to establish a BW threat reduction program with Russian scientists through direct lab-to-lab contacts.

Chemical Weapons (CW) Destruction: Assist Russia in the safe, secure, and ecologically sound CW destruction by providing design support and construction assistance for a CW destruction facility.

Reactor Core Conversion - Russia: Halt production of weapons-grade plutonium at the three remaining production reactors in Russia.

Other Program Support: Continue program administration and enhance defense and military contacts with FSU personnel.

DEFENSE HEALTH PROGRAM

	(\$ in Millions)						
	FY 1997 <u>Actual</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 1998 <u>Estimate</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 1999 <u>Estimate</u>
Operation & Maintenance	9,877.8	+266.7	-217.2	9,927.3	+301.1	-575.0	9,653.4
Procurement	<u>344.8</u>	<u>9.4</u>	<u>+94.6</u>	<u>448.8</u>	<u>+13.5</u>	<u>-59.9</u>	<u>402.4</u>
Total	10,222.6	+276.1	-122.6	10,376.1	+314.6	-634.9	10,055.8

The medical mission of the Department of Defense (DoD) is to maintain readiness by providing medical services and support to the armed forces during military operations, and to provide medical services and support to members of the armed forces, their dependents, and other beneficiaries entitled to DoD health care. The Defense Health Program (DHP) appropriation supports worldwide medical and dental services to active forces and other eligible beneficiaries, veterinary services, medical command headquarters, graduate medical education for the training of medical personnel, and occupational and industrial health care. The delivery of health care for active duty dependents, and eligible retirees and their dependents---through Managed Care Support (MCS) contracts and the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS)---is also funded in the DHP appropriation. In FY 1999, the DHP completes the transition to TRICARE---the Department's managed care program. This transition offers the potential for substantial cost savings, but is complex and not without some cost risk. In addition, the Department will be participating in a Medicare Subvention demonstration undertaken jointly with the Department of Health and Human Services. Under the Medicare Subvention demonstration, for the first time, DoD will be able to enroll some of its Medicare eligible retirees into the Department's managed care plan and receive Medicare reimbursement. The Medicare Subvention demonstration is intended to be cost neutral to the Department.

DEFENSE HEALTH PROGRAM

Operation & Maintenance Program (\$ in Millions)

	<u>FY 1997</u> <u>Actual</u>	<u>FY 1998</u> <u>Estimate</u>	<u>FY 1999</u> <u>Estimate</u>	<u>98-99</u> <u>Change</u>
<u>Funding Summary</u>				
<u>In-House Care</u>				
Private Sector Care	3,322.0	3,228.7	2,961.8	-266.9
Information Management	3,878.7	4,068.0	4,070.4	+2.4
Education & Training	209.9	215.6	274.4	+58.8
Management Headquarters	293.5	312.0	298.3	-13.7
Other Health Activities	170.0	173.7	177.2	+3.5
Base Operations	855.9	951.8	855.0	-96.8
Total	<u>1,017.7</u>	<u>977.5</u>	<u>1,016.3</u>	<u>+38.8</u>
	9,747.7	9,927.3	9,653.4	-273.9

Program/Price Growth

The FY 1999 O&M budget request is \$273.9 million below the FY 1998 level. This decrease is the net effect of a \$301.2 million price increase; net transfers out of \$2.4 million; and a program decrease of \$572.7 million. The \$572.7 million program decrease results from reduced requirements associated with a declining beneficiary population, FY 1998 one-time costs to implement MCS contracts not continued into FY 1999, FY 1998 congressional increases not continued into FY 1999, savings attributable to utilization management, vendor procurement efficiencies, and reduced outfitting requirements of new facilities

In-House Care

This program, totaling \$2,961.8 million in FY 1999, provides for the delivery of in-house patient care worldwide. The program includes care in medical centers, station hospitals, clinics, and dental care activities. Between FY 1998 and FY 1999, this program decreases by \$266.9 million, reflecting price growth of \$87.0 million and programmatic decreases of \$353.9 million. The FY 1999 program decrease reflects reduced requirements associated with the addition of a National Mail Order Pharmacy, a declining beneficiary population, as well as, savings attributable to utilization management, vendor procurement efficiencies, and reduced outfitting requirements of new facilities.

DEFENSE HEALTH PROGRAM

DEFENSE HEALTH PROGRAM

Private Sector Care

Private Sector Care includes Managed Care Support (MCS) contracts, the CHAMPUS program, Uniformed Service Treatment Facilities (USTFs), and emergency care. Under the MCS contracts and CHAMPUS, active duty families and retirees under the age of 65 and their families can individually obtain medical and dental care from civilian sources at the government's expense, after satisfying applicable deductibles and copayments. By FY 1999, TRICARE will be implemented nationwide via 7 regional MCS contracts. The MCS contractors will be responsible for the purchase of standard CHAMPUS fee-for-service benefits and coordinating the care obtained from MTFs and civilian providers. Between FY 1998 and FY 1999, this program increases by \$2.4 million from \$4,068.0 million to \$4,070.4 million. The overall change includes a price increase of \$158.5 million and a program decrease of \$156.1 million. The program decrease results from FY 1998 one-time costs to implement MCS contracts not continued into FY 1999. In addition, there is a cost shift from the in-house care to the private sector care of \$72 million for the National Mail Order Pharmacy and an additional \$23.8 million for change orders to the MSC contract to comply with congressional requirements or Health Affairs guidance.

Information Management

This program, totaling \$274.4 million in FY 1999, focuses on the development and deployment of standardized systems to ensure tight integration, interoperability, and commonality of information management throughout TRICARE. Between FY 1998 and FY 1999, this program increases by \$58.8 million, reflecting price growth of \$3.5 million and a program increase of \$55.3 million. The program increase reflects the accelerated deployment of urgently needed information technology products---especially for the management of outpatient care.

Education & Training

This program, totaling \$298.3 million in FY 1999, provides support for worldwide medical education and training for active duty personnel, civilian medical personnel, and students. Between FY 1998 and FY 1999, this program declines by \$13.7 million, reflecting a program decrease of \$22.5 million and price growth of \$8.8 million. The program decrease results from lower professional development requirements associated with downsizing of the active duty force. This program reflects keeping the Uniformed Services University of the Health Sciences (USUHS) open and funded at historical levels. As part of the Defense Reform Initiative, USUHS has been transferred to the supervision and management of the Surgeons General of the Army, Navy and Air Force.

Management Headquarters

This program, totaling \$177.2 million in FY 1999, includes the TRICARE Management Activity (TMA), the Regional Lead Agents and the medical commands. These headquarters activities oversee the delivery of DoD healthcare---worldwide. The TMA, which was established February 10, 1998 as a result of the Defense Reform Initiative, includes the resources formerly reported under the Defense Medical Program Activity (DMPA), the TRICARE Support Office (TSO), and 48 personnel from Health Affairs who were involved in program management functions. The establishment of TMA is intended to place all program activities in a single, streamlined activity,

DEFENSE HEALTH PROGRAM

and eliminate redundancies. Between FY 1998 and FY 1999, this program increases by \$3.5 million, which is essentially price growth.

Other Health Activities

This program, totaling \$855.0 million in FY 1999, includes support functions, such as occupational health, aeromedical evacuation, pathology, and veterinary service. In FY 1999, program funding decreases by \$96.8 million, which consists of a \$27.2 million increase for price growth and a \$124.0 million program reduction. The program decrease results from FY 1998 congressional increases that are not continued into FY 1999. These include funds for HIV research, minimal invasive research, lab upgrades, and hepatitis A vaccine.

Base Operations

This program, totaling \$1,016.3 million in FY 1999, includes funding for the operation and maintenance of Defense Health Program facilities, which support active duty, reserve and guard components, training, military dependents, eligible retirees, and family members. Between FY 1998 and FY 1999, base operations increases by \$38.8 million, reflecting price growth of 12.7 million and a program increase of \$26.1 million. The FY 1999 program increase reflects a reduction in the backlog of maintenance and repair projects and progress towards the departmental policy of 3 percent of replacement value.

Procurement Program (\$ in Millions)

<u>Funding Summary</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>98-99</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
Med Equip - Replacement/Modernization	308.3	393.6	380.1	-13.5
Med Equip - New Facility Outfitting	36.5	55.2	22.3	-32.9
Total	344.8	448.8	402.4	-46.4

The DHP appropriation also funds procurement of capital equipment in support of the DoD health care program in military medical treatment facilities and other health activities worldwide. It includes equipment for initial outfitting of new, expanded, or altered health care facilities. Also funded are the modernization and replacement of equipment, which is past its useful life and automated equipment in support of the TRICARE Management Activity. In FY 1999, the funding for procurement of capital equipment declines from \$444.8 million to \$402.2 million, a decrease of \$46.4 million. This decrease consists of a \$13.5 million price increase and a \$59.9 million program decrease. Program funding declines because one-time, new facility outfitting requirements in FY 1998 are not continued into FY 1999.

DEFENSE HEALTH PROGRAM

DEFENSE HEALTH PROGRAM

Program Data

	<u>FY 1997</u> <u>Actual</u>	<u>FY 1998</u> <u>Estimate</u>	<u>FY 1999</u> <u>Estimate</u>	<u>98-99</u> <u>Change</u>
<u>Organic Medical Programs</u>				
Hospitals/Medical Centers	115	108	102	-6.0
Clinics	471	480	489	+9.0
Admissions (000)	461	443	433	-10.0
Occupied Bed Days (000)	1,500	1,424	1,373	-51.0
Average Length of Stay (Days)	3.3	3.2	3.2	+0.0
Ambulatory Visits (000)	36,858	36,303	35,895	-408.0
<u>Private Sector Care (\$ Millions)</u>				
CHAMPUS Standard Benefits	1,419.2	1,053.8	490.0	-563.8
MCS Contracts -- Benefit Costs	1,706.6	2,329.6	2,987.2	+657.6
MCS Contracts -- One Time Costs	<u>212.7</u>	<u>123.6</u>	<u>23.0</u>	<u>-100.6</u>
Sub-Total -- MCS Costs	1,919.3	2,453.2	3,010.2	+557.0
Uniformed Service Treatment Facilities	343.8	366.5	380.7	+14.2
Purchased Emergency Care	120.0	114.7	105.7	-9.0
TRICARE Overseas	76.4	79.8	83.8	+4.0
Total Costs	3,878.7	4,068.0	4,070.4	+2.4
<u>Managed Care Support (MCS)</u>				
<u>Contracts (000)</u>				
CHAMPUS Eligibles Covered by MCS	3,474.8	5,041.3	4,995.4	-45.9
CHAMPUS Eligibles Not Covered by MCS	<u>1,852.6</u>	<u>226.5</u>	<u>192.9</u>	<u>-33.6</u>
Total Eligibles	5,327.4	5,267.8	5,188.3	-79.5

DEFENSE HEALTH PROGRAM

Program Data

	<u>FY 1997</u> <u>Actual</u>	<u>FY 1998</u> <u>Estimate</u>	<u>FY 1999</u> <u>Estimate</u>	<u>98-99</u> <u>Change</u>
<u>Eligible Beneficiary Population (000)</u> <u>1/</u>				
Active Duty	1,607.5	1,576.6	1,542.3	-34.3
Dependents of Active Duty	2,290.3	2,264.6	2,216.3	-48.3
Dependents of Retirees Under 65	1,905.9	1,881.8	1,859.5	-22.3
Retirees Under 65	1,131.2	1,121.2	1,112.5	-8.7
Beneficiaries Over 65	<u>1,271.7</u>	<u>1,332.0</u>	<u>1,384.8</u>	<u>+52.8</u>
Total	8,206.6	8,176.2	8,115.4	-60.8
 <u>User Population (000)</u> <u>1/ 2/</u>				
Active Duty <u>3/</u>	1,607.5	1,576.6	1,542.2	-34.4
Dependents of Active Duty <u>4/</u>	2,185.0	2,159.7	2,112.2	-47.5
Dependents of Retirees Under 65	1,236.1	1,223.1	1,210.8	-12.3
Retirees Under 65	724.6	719.5	714.6	-4.9
Beneficiaries Over 65	<u>347.7</u>	<u>365.2</u>	<u>380.4</u>	<u>+15.2</u>
Total	6,100.9	6,044.1	5,960.2	-83.9

1/ Includes effect of force reductions levied by the Quadrennial Defense Review (QDR).

2/ Reflects beneficiaries who rely on Medical Health System (MHS) as a source of care.

3/ Includes Active, Guard, and Reserve entitled to medical benefits.

4/ Includes Dependents of Active, Guard, and Reserve entitled to medical benefits.

DEFENSE HEALTH PROGRAM

Program Data

	<u>FY 1997</u> <u>Actual</u>	<u>FY 1998</u> <u>Estimate</u>	<u>FY 1999</u> <u>Estimate</u>	<u>98-99</u> <u>Change</u>
<u>Civilian Personnel FTEs (000) 1/</u>				
U.S. Direct Hire	40,639	40,005	38,958	-1,047
Foreign National Direct Hire	819	529	524	-5
Total Direct Hire	41,458	40,534	39,482	-1,052
Foreign National Indirect Hire	1,551	1,762	1,739	-23
Total	43,009	42,296	41,221	-1,075
<u>Military Personnel End Strength (000)</u>				
Officers	36,031	35,119	34,704	-415
Enlisted	67,857	66,936	64,790	-2,146
Total	103,888	102,055	99,494	-2,561

1/ Direct Funded & Reimbursable

DRUG INTERDICTION AND COUNTERDRUG ACTIVITIES

(\$ in Millions)				
FY 1997 Estimate	Price Growth	Program Growth	FY 1998 Estimate	Price Growth
806.2*	+17.9	-111.2	712.9	+10.4
				Program Growth +4.3
				<u>Estimate</u> 727.6

* Included for comparability: these funds were transferred to other defense appropriations for execution.

The Department of Defense continues to pursue a wide range of activities in support of the counterdrug objective of the President's *National Security Strategy of the United States*, "...to reduce the flow of illegal drugs into the United States by encouraging reduction in foreign production, combating international traffickers, and reducing demand at home." Following the President's guidance, the 1998 National Drug Control Strategy outlines five major goals: (1) educate and enable America's youth to reject illegal drugs and substance abuse; (2) increase the safety of America's citizens by substantially reducing drug-related crime and violence; (3) reduce the health and social costs of illegal drug use; (4) shield America's air, land, and sea frontiers from the drug threat; and (5) break foreign and domestic sources of supply. While DoD supports all five strategic goals, most of DoD's efforts are focused on goals 4 and 5.

The Department's program constitute an integral part of the U.S. Government's multinational and multi-agency approach to counter the flow of illegal drugs into the United States and fulfill a key and essential role in our nation's fight against illegal drugs. The DoD counterdrug program includes the following responsibilities: (1) to act as the lead Federal agency for the detection and monitoring of aerial and maritime transit of illegal drugs into the United States; (2) to integrate drug interdiction command, control, communications, and technical intelligence assets of the Federal government; (3) to approve and fund the Governors' State Plans for expanded use of the National Guard in support of drug interdiction and counterdrug activities, and (4) provide training, establish operation bases, transport equipment and personnel, and maintenance and repair equipment of the United States and foreign law enforcement agencies.

The Counterdrug (CD) program is funded through a central transfer account with a single budget line that provides for all associated CD resources, with the exception of Active component military personnel and military OPTEMPO. The use of a central account provides the CD program with the flexibility that is essential to respond effectively to the dynamic nature of the counterdrug threat. The FY 1999 budget request of \$727.6 million reflects an increase of \$14.7 million above the FY 1998 funding level, which includes \$10.4 million for price growth and \$4.3 million for program growth.

The following table provides the specific funding levels by the five goals outlined in the President's National Counterdrug Strategy, Department of Defense Drug Interdiction.

DRUG INTERDICTION AND COUNTERDRUG ACTIVITIES

FUNDING BY GOAL (\$ in Millions)

	<u>FY 1997</u>	<u>Price</u>	<u>Program</u>	<u>FY 1998</u>	<u>Price</u>	<u>Program</u>	<u>FY 1999</u>	<u>Net</u>
	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>FY98-99</u>
Educate America's Youth	16.7	+3	-2.7	14.2	+2	-1.6	12.9	<u>Change</u>
Increase Safety of Citizens	101.7	+1.8	-5.6	97.8	+1.6	-12.8	86.7	-1.4
Reduce Health & Social Costs	75.4	+2.1	-2.7	74.9	+6	-2.6	72.9	-11.2
Shield America's Frontiers	381.1	+6.5	-94.8	292.9	+4.5	+4.0	301.3	-1.9
Break Drug Sources of Supply	<u>231.3</u>	<u>+7.2</u>	<u>-5.4</u>	<u>233.1</u>	<u>+3.5</u>	<u>+17.3</u>	<u>253.8</u>	+8.5
Total	806.2	+17.9	-111.2	712.9	+10.4	+4.3	727.6	+20.8
								+14.7

Goal 1: Educate And Enable America's Youth To Reject Illegal Drugs And Substance Abuse

-1.6

- The FY 1999 budget includes \$12.9 million for National Guard State Plans-funded outreach programs (\$12.9 million) and the Young Marines outreach program.
- The net program reduction of \$1.6 million in FY 1999 results from a one-time congressional increase of \$2.7 million in FY 1998 for National Guard and Young Marines' Outreach programs, which is offset by increases of \$1.1 million in the National Guard outreach programs.

Goal 2: Increase The Safety Of America's Citizens By Substantially Reducing Drug-Related Crime And Violence

-12.7

- The FY 1999 budget includes \$86.7 million for DoD support to Federal, state, and local drug law enforcement agencies' (DLEAs) requests for domestic operational and logistical support to assist them in their efforts to reduce drug-related crime. Of this amount, \$69.6 million is designated for National Guard State Plans, to include ports of entry/cargo inspections, \$3.3 million is for the congressionally-directed Gulf States Counterdrug Initiative (GSCI) and Regional Counterdrug Training Academy (RCTA), \$2.0 million for the congressionally-directed Florida National Guard Multijurisdictional Counterdrug Task Force Academy in St. Petersburg, \$10.3 million for Joint

DRUG INTERDICTION AND COUNTERDRUG ACTIVITIES

Task Force (JTF)-6 and Reserve Component support to DLEAs, and \$1.5 million for intelligence analysis support to DLEAs.

Goal 3: Reduce The Health And Social Costs Of Illegal Drug Use

-2.6

- The FY 1999 budget provides \$73.0 million for the continued support of DoD Demand Reduction Programs. These funds support drug testing for active duty military, National Guard and Reserve personnel, and DoD civilian employees; drug abuse prevention/education activities for military and civilian personnel and their dependents; and drug treatment for military personnel.
- The net program reduction of \$2.6 million is due primarily to anticipated savings to demand reduction testing as a result of program restructuring.

Goal 4: Shield America's Air, Land, And Sea Frontiers From The Drug Threat

+3.9

- The FY 1999 budget provides \$301.3 million to execute counterdrug detection and monitoring programs to assist law enforcement agencies to counter the flow of drugs in transit into Puerto Rico and the Virgin Islands and across the U.S. Southwest border into the United States. Of this amount, \$59.0 million is for C4I support in the transit zone and along the Southwest border; \$120.3 million is for detection and monitoring platforms and assets; \$16.0 million is for Ground Based End Game Operations in Mexico; \$44.3 million is for National Guard State Plans to include ports of entry/cargo inspections; \$42.4 million is for JTF-6 and Reserves Component operational support to DLEAs along the Southwest border, Puerto Rico and the Virgin Islands; \$2.3 million is for SIGINT collection and processing; and \$17.0 million for nonoperational support to include research and development activities.
- The increase in FY 1999 results mainly from increases for Caribbean support (\$8.5 million), enhanced Mexico training support (\$2.4 million), aerostat procurement (\$5.6 million), intelligence support (\$3.8 million), increased domestic reserve support (\$2.0 million). These increases are partially offset by decreases in National Guard programs (\$3.2 million) and by the one-time FY 1998 congressional increase of \$15.6 million for Southwest border fence construction, Regional Police Information Systems, Southwest Border Information Systems, and National Guard State Plans.

DRUG INTERDICTION AND COUNTERDRUG ACTIVITIES

Goal 5: Break Foreign And Domestic Sources Of Supply

+17.3

- The FY 1999 budget requests \$253.8 million for DoD to provide continued support to critical intelligence support, target cueing, and initial detection and monitoring and other support to United States and host nation counterdrug law enforcement entities. Emphasis will be placed on development of a necessary and complementary riverine strategy and corresponding host nation capabilities, while air interdiction and endgame capabilities in the source region are sustained and improved. Of this amount, DoD will provide \$57.7 million for C4I in support of source nation law enforcement initiatives; \$45.9 million for detection, monitoring, and interdiction programs; \$5.7 million for intelligence support and analysis; \$21.5 million for National Guard marijuana eradication efforts; \$89.6 million for operational support to DLEAs to include Ground Based End Game Operations in SOUTHCOM and the riverine interdiction initiative; \$31.2 million for SIGINT collection and processing, to include support for the Airborne Reconnaissance-Low platform; and \$2.2 million for nonoperational support.
- The net programmatic increase of \$17.3 million in FY 1999 results mainly from increases for SOUTHCOM's Joint Interagency Task Force-South (\$17.0 million), Riverine Interdiction Initiative (\$20.0 million), enhanced Ground Based End Game Operation – SOUTHCOM efforts (\$14.3 million), increased Special Forces support (\$4.9 million), and transfer in of operational support for the Air Reconnaissance Low platform from the Army (\$2.1 million). Partially offsetting this growth are reductions for source nation radar programs, National Guard realignments, and completion of procurement efforts for the Puerto Rico Relocatable-Over-The-Horizon-Radars. Further, the FY 1999 estimate decreases by \$15.4 million associate with the one time FY 1998 congressional add for the Riverine Interdiction Initiative for Peru and Colombia and National Guard State Plans.

FY 1999 Request

727.6

SUPPORT FOR INTERNATIONAL SPORTING COMPETITIONS, DEFENSE

(\$ in Millions)					
FY 1997	Price	Program	FY 1998	Price	FY 1999
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Estimate</u>
14.4	+2	-14.6	0	0	0

The Support for International Sporting Competitions, Defense is a no-year appropriation that provides for continuing DoD support to future international sporting events.

These funds are available to fund security support for several future sporting events without the need for additional appropriations. Efforts in FY 1998 and FY 1999 include specialized event security planning. For DoD to provide this support, the National Defense Authorization Act of 1997 (P.L. 104-201) requires the Attorney General to determine that the support is essential. Near-term events that may be supported include the 1998 Nike World Master Games and the Goodwill Games; the 1999 Alpine Skiing Championship, World Cup Soccer, and Special Olympics; and the 2002 Winter Olympics.

DoD provides this support only as a supplier of last resort while ensuring that no degradation to readiness results from this effort. Such support is essential to the national responsibility to ensure that competitors and visitors are secure.

AIR OPERATIONS

	(\$ in Millions)		
	FY 1997	FY 1998	FY 1999
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Army	729.3	652.5	701.7
Army Reserve	24.1	32.9	34.5
Army National Guard	177.5	238.3	267.9
Navy	4,762.3	5,294.5	5,169.3
Navy Reserve	514.6	538.1	569.9
Air Force	8,991.2	9,320.0	9,456.9
Air Force Reserve	1,412.5	1,569.6	1,663.1
Air National Guard	2,730.1	3,050.7	3,083.3
USSOCOM	345.0	424.8	433.9
Defense Health Program	78.0	81.9	81.8
Total	19,764.6	21,203.3	21,462.3
			<u>Change</u>
			+49.2
			+1.6
			+29.6
			-125.2
			+31.8
			+136.9
			+93.5
			+32.6
			+9.1
			-0.1
			+259.0

ARMY

The funds requested for the active Army are required to maintain and train units for mobilization and to provide related administrative support. The Army Flight Operations funds the combat major commands (MACOMS), as well as several other agencies and commands. Within the combat MACOMS, rotary wing aircraft are resourced at an average OPTEMPO of 14.0 hours per crew per month. The OPTEMPO fleet consumes approximately 50 percent of the Active Army flying hours and 75 percent of the funding requirement due to the preponderance of modernized aircraft in the fleet. Also included are the hours associated with the Combat Aviation Training Brigade at Fort Hood, TX (an agency that serves as the Army's collective trainer), fixed wing aircraft hours, and hours for the training of pilots associated with Reserve Trainer Detachments. Army Flight Training supports the Army's flight training program at Fort Rucker, AL as well as training programs at the Intelligence School at Fort Huachuca, AZ. A small program funds hours for the remaining nontraining fleet in the Training and Doctrine Command and hours at the United States Military Academy. The Army International Program funds a small international program at SHAPE headquarters and a NATO support program in Turkey.

AIR OPERATIONS

<u>Funding</u>	(\$ in Millions)			
	FY 1997 <u>Actual</u>	FY 1998 <u>Estimate</u>	FY 1999 <u>Estimate</u>	98-99 <u>Change</u>
Army Flight Ops	622.4	552.4	595.0	+42.6
Army Flight Training	105.7	98.8	104.1	+5.3
Army International Program Support	<u>1.2</u>	<u>1.3</u>	<u>2.6</u>	<u>+1.3</u>
Total	729.3	652.2	701.7	+49.2
 <u>Program Data</u>				
Primary Authorized Aircraft (PAA)	2,571	2,518	2,485	-33
Total Aircraft Inventory	2,959	2,927	2,870	-57
Flying Hours (000)	571	578	591	+13

Army Flight Ops: This program reflects downsizing and implementation of an Aviation Restructure Initiative (ARI). The ARI effort reduces the numbers of older, less costly aircraft such as the UH-1 and OH-58, while retaining the more costly and more capable AH-64 at an increased OPTEMPO cost. The AH-64 assumes both the scout and attack missions. In addition, the Army's Cavalry Squadron's AH-1 Cobra helicopters will be replaced with the OH-58D Kiowa Warrior Attack helicopter.

Army Flight Training: This program supports an increase in the number of students who require training in more expensive aircraft such as AH-64D, OH-58D, CH-47D, and UH-60. Initial training for the AH-64D begins in FY 1999 at the Army Aviation School at Ft. Rucker, AL.

Army International Program: This program provides flying hours for a small international program at SHAPE headquarters and a NATO support program in Turkey.

AIR OPERATIONS

ARMY RESERVE

The funds requested for Army Reserve are required to finance aviation training and operational requirements throughout the Army Reserve. Included are funds for fuel, consumable repair parts, and depot level repair parts to maintain the fleet. The Army Reserve fixed wing and rotary wing units support the requirements of the warfighting CINCs. Reserve fixed wing aircraft are an integral part of the military operational support airlift system.

	(\$ in Millions)		
	FY 1997	FY 1998	FY 1999
<u>Funding</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Training Ops	24.1	32.9	34.5
			<u>Change</u>
			+1.6
<u>Program Data</u>			
Primary Auth Aircraft (PAA)	132	132	-
Flying Hours (000)	25	36	-
OPTEMPO (Hrs/Crew/Month)	5	9	-

The Army Reserve completed the transition to more modern aircraft under the Aviation Restructure Initiative (ARI) in FY 1997. The new units become fully operational by FY 1999. The program increase is required to maintain and train on these more complex aircraft.

AIR OPERATIONS

ARMY NATIONAL GUARD

The funds requested for the Army National Guard provide for training aircrew members, aviation units and supported combined arms teams to achieve and sustain designated combat readiness. Requested resources support the utilization, maintenance and overhaul of aviation assets and related support equipment to sustain unit capabilities. These funds are required to maintain and train units for immediate mobilization, and to provide administrative support.

	(\$ in Millions)		
	FY 1997	FY 1998	FY 1999
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
<u>Funding</u>			
Training Ops	177.5	238.3	267.9
			+29.6
<u>Program Data</u>			
Primary Authorized Aircraft (PAA)	2,127	2,065	2,041
Flying Hours (000)	264	268	309
OPTEMPO (Hours/Crew/Month)	4.4	6.4	6.9
			-24
			+41
			+0.5

The FY 1999 increase funds additional flying hours per crew in order to improve readiness ratings.

AIR OPERATIONS

NAVY

Active Navy air operations fund the Navy and Marine Corps operating tempo, intermediate, organizational and depot level maintenance, fleet training, engineering support, logistical support, and base support required to operate, maintain, and deploy aviation forces in support of the national military strategy. Aircraft inventory and flying hours are key indicators of the level of activity funded within the Navy's air operations. Primary authorized aircraft (PAA) declines in FY 1999 because of force structure changes including the reduction of the number of aircraft per squadron in the F-14 and AV-8B communities. Hours per crew per month, Primary Mission Readiness (PMR), and flying hours maintain a level necessary to ensure aircrew readiness and safety.

	(\$ in Millions)			
	FY 1997	FY 1998	FY 1999	98-99
<u>Funding</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
Flight Operations	1,873.6	2,205.0	2,089.6	-115.4
Fleet Air Training	603.5	757.0	751.5	-5.5
Intermediate Maintenance	58.1	56.1	46.9	-9.2
Air Operations and Safety Support	56.3	67.9	88.6	+20.7
Depot Maintenance	633.4	769.3	735.7	-33.6
Depot Operations Support	128.3	20.0	20.2	+0.2
Base Support	764.2	771.1	772.7	+1.6
Real Property Maintenance	311.3	263.6	283.6	+20.0
Combat Communications	46.0	51.9	47.6	-4.3
Flight Training	270.4	315.9	315.9	-
External Relations	12.9	14.0	14.0	-
Training Support	4.3	2.7	3.0	+0.3
Total	4,762.3	5,294.5	5,169.3	-125.2

Program Data

Primary Authorized Aircraft (PAA) ^{1/}	3,283	3,296	3,283	-13
Total Aircraft Inventory (TAI) ^{1/}	4,184	4,173	4,083	-90
Flying Hours (000)	1,243	1,335	1,371	+36
OPTEMPO (Hrs/Crew/Month)	21	23	23	-
Primary Mission Readiness (PMR) (%)	75	85	85	-

AIR OPERATIONS

Naval Air Stations

	(\$ in Millions)			
	FY 1997	FY 1998	FY 1999	98-99
CONUS	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
	21	19	17	-2
Overseas	10	9	9	-

✓ PAA includes active Navy and Marine Corps aircraft. TAI includes active and Reserve primary active inventory, backup, attrition, and reconstitution reserve aircraft for both the Navy and the Marine Corps.

Mission/Flight Operations: In FY 1998, Congress added \$207.9 million to address shortfalls related to depot level repairable parts. The increased level of funding has been sustained in FY 1999. The FY 1999 reduction of \$115.4 million includes price reductions of \$106.0 million and \$9.4 million in anticipated savings from efficiencies in maintenance.

Fleet Air Training: In FY 1998, Congress added \$114.1 million to address shortfalls related to depot level repairable parts. The increased level of funding has been sustained in FY 1999. The FY 1999 request includes price reductions of \$22.7 million which is offset by program growth of \$17.2 million associated with the stand-up of new aircraft (MV-22A and FA-18F) as well as the training to support transitioning pilots from the F-14 to the FA-18.

Intermediate Maintenance: The FY 1999 funding level include \$1.7 million of price growth offset by a program decrease of \$10.9 million reflecting force structure changes.

Air Operations and Safety Support: The FY 1999 budget request includes price growth of \$1.7 million and program increases of \$18.9 million as the result of initiatives to reduce the maintenance backlog.

Aircraft Depot Operations: The FY 1999 funding level includes price growth of \$47.0 million. This increase is offset by program decreases of \$81.5 million to reflect force structure changes and \$70.0 million associated with a one-time congressional increase in FY 1998.

Aircraft Depot Operations Support: The FY 1999 budget request includes a price increase of \$2 million.

Base Support: The FY 1999 funding level includes \$8.6 million in price growth and \$7.0 million in program reductions primarily related to base closures and outsourcing savings.

Real Property Maintenance (RPM): The FY 1999 funding includes price increases of \$4.6 million and program growth of \$15.4 million to slow the growth in backlog of maintenance and repair (BMAR).

AIR OPERATIONS

Combat Communications: The FY 1999 program includes price reductions of \$2.1 million and a program reduction of \$2.4 million reflecting cost efficiencies associated with maintenance activities on the E-6A TACAMO program.

Flight Training: The FY 1999 funding level includes a price reduction of \$4.0 million and a program increase of \$3.9 million associated with the extension of the T-39N maintenance contract, increased flight simulator contractual workload, and outsourcing of military billets.

External Relations and Training Support: These programs remain relatively stable.

NAVY RESERVE

The Naval Air Reserve Force consists of one carrier air wing with a total of eight squadrons (including one E-2 Counter Narcotics Squadron and two Adversary squadrons), two long-range Anti-Submarine Warfare (ASW) patrol wings with a total of eight squadrons, one helicopter wing with six squadrons, and one air logistics wing with twelve squadrons. The Fourth Marine Corps Air Wing (4th MAW) consists of fourteen flying squadrons and supporting units which are budgeted for and maintained by the Commander, Naval Reserve Force. The Air Operations activity group provides funding for all aspects of Navy and Marine Corps Reserve air operations from flying hours to specialized training, maintenance, base operations and associated support. Programs supporting Reserve Air Operations include: flying hours (fuel, consumables and Aviation Depot Level Repairables (AVDLRs)); range operations; specialized skill training and associated administrative support; intermediate and depot level maintenance; and operational support such as command and control.

<u>Funding</u>	(\$ in Millions)		
	<u>FY 1997</u> <u>Actual</u>	<u>FY 1998</u> <u>Estimate</u>	<u>FY 1999</u> <u>Estimate</u>
Mission/Flight Operations	278.0	319.5	300.7
Fleet Air Training	-	0.2	0.5
Intermediate Maintenance	16.7	17.5	17.3
Air Operations/Safety Support	2.3	3.1	3.0
Depot Maintenance	85.6	66.1	121.7
Depot Operations Support	0.2	0.3	0.3
Base Support	99.1	98.8	102.0
Real Property Maintenance	<u>32.7</u>	<u>32.6</u>	<u>24.4</u>
Total	514.6	538.1	569.9
			<u>-18.8</u>
			<u>+0.3</u>
			<u>-0.2</u>
			<u>-0.1</u>
			<u>+55.6</u>
			<u>-</u>
			<u>+3.2</u>
			<u>-8.2</u>
			<u>+31.8</u>

AIR OPERATIONS

	(\$ in Millions)			
	FY 1997	FY 1998	FY 1999	98-99
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
<u>Program Data</u>				
Primary Authorized Aircraft (PAA) ^{1/}	453	444	431	-13
Flying Hours (000)	171.4	170.2	170.7	+0.5
OPTEMPO (Hrs/Crew/Month)	10.6	10.8	10.8	-
Primary Mission Readiness (%)	85	87	87	-

^{1/} Backup, reserve and attrition reserve aircraft is included in the total inventory figures in the Navy section.

The FY 1999 budget request includes price reductions of \$7.7 million and program growth of \$39.5 million. The increase is primarily the result of increases in depot maintenance funding to reduce backlogs. The program growth is partially offset by a reduction in Reserve P-3 squadrons and in the F-14, SH-2G, and MH-53E aircraft flying hours. Other reductions include savings from the closure of the South Weymouth, MA and the Dallas, TX Naval Air Stations.

AIR FORCE

Active Air Force air operations funding provides the predominant resources supporting combat forces. These activities provide for the operational flying requirements of bomber, fighter, mobility and training forces stationed in the United States as well as overseas. Also included are resources supporting: land based intercontinental ballistic missiles; air launched strategic and tactical missiles; electronic warfare and defense suppression missions; combat command, control and communications; combat crew training; and associated combat related base support.

The budget provides funding for the operating tempo, organizational and depot level maintenance, training, engineering support, logistical support, and base support to operate, maintain, and deploy aviation forces in support of the national military strategy. Air Operations for the Air Force are subdivided into the following categories:

AIR OPERATIONS

	(\$ in Millions)		
	FY 1997 <u>Actual</u>	FY 1998 <u>Estimate</u>	FY 1999 <u>Estimate</u>
<u>Air Force</u>			98-99 <u>Change</u>
Primary Combat Forces	1,842.1	2,211.2	2,311.3
Primary Combat Weapons	255.6	234.3	236.2
Combat Enhancement Forces	175.0	179.8	196.0
Air Operations Training	547.9	586.4	562.8
Combat Communications	1,027.1	883.5	958.7
Real Property Maintenance	632.3	538.6	575.7
Base Support	1,635.6	1,497.4	1,538.1
Mobility Operations	1,467.0	1,361.9	1,326.8
Training Operations	318.5	384.4	406.9
Depot Maintenance	997.5	1,329.0	1,253.5
Other	<u>92.6</u>	<u>113.5</u>	<u>90.9</u>
Total	8,991.2	9,320.0	9,456.9
			+136.9

AIR OPERATIONS

Program Data

<u>Inventory</u>			
Primary Aircraft Authorized (PAA)			
	<u>FY 1997 Actual</u>	<u>FY 1998 Estimate</u>	<u>FY 1999 Estimate</u>
Bombers	102	110	116
Fighters	1,246	1,224	1,205
Trainers	852	917	974
Mobility	624	608	607
Other*	<u>435</u>	<u>432</u>	<u>426</u>
Total	3,259	3,291	3,328
	<u>FY 1997 Actual</u>	<u>FY 1998 Estimate</u>	<u>98-99 Change</u>
Total Aircraft Inventory (TAI)			
Bombers	173	149	+1
Fighters	1,454	1,425	-5
Trainers	1,245	1,257	+3
Mobility	691	674	-1
Other*	<u>500</u>	<u>531</u>	<u>-6</u>
Total	4,061	4,033	-8

* Other PAA includes active duty combat enhancement, air operations training, and combat communications.

Flying Hours (000)	1,288	1,364	1,377	+13
Tactical Fighter Wing Equiv.	13.0	13.0	12.58	-0.42

AIR OPERATIONS

Crew Ratio (Average)	FY 1997		FY 1998		FY 1999		98-99 <u>Change</u>
	<u>Actual</u>		<u>Estimate</u>		<u>Estimate</u>		
Bombers							
B-52	1.40		1.40		1.40		-
B-2	1.31		1.31		1.31		-
B-1	1.31		1.31		1.31		-
Fighters	1.25		1.25		1.25		-
OPTEMPO (Hrs/Crew/Month)							
Bombers	19.9		19.3		17.9		-1.4
Fighters	19.3		18.7		19.1		+4
Primary Mission Capable Rates (%)							
Bombers	71.00		71.05		71.15		+10
Fighters	81.86		82.97		83.34		+37
Mobility	80.14		80.33		80.59		+26
ICBM Inventory							
Minuteman III	530		500		500		-
Peacekeeper	50		50		50		-

Air Operations: Funding levels increase by \$136.9 million between FY 1998 and FY 1999. Changes include price reductions of \$8.9 million and program growth of \$145.8 million. The increases are primarily the result of force structure changes. Four additional B-2 bombers (and 1,238 flying hours) are funded in FY 1999. In addition, eight of the ten B-2s previously delivered will begin a series of block upgrades. The B-1 bomber buyback program (from attrition reserve) continues with an increase in Primary Authorized Aircraft (PAA) from 52 to 54 aircraft.

The first two T-6A JPATS aircraft will be delivered in FY 1999. Fifteen hundred flying hours will be required to familiarize and train instructor pilots in the T-6A aircraft. In addition, the Air Force is increasing pilot production by 50 pilots per year until FY 2001, when the sustainment level of 1,100 pilots is reached.

AIR OPERATIONS

The FY 1999 request also includes increased flying hours for the E-8C Joint Stars because of force structure changes and the stand up of an Unmanned Aerial Vehicle (UAV) squadron. These increases are offset by the retirement of the EC-135 in the fourth quarter of FY 1998.

Airlift Operations increase as a result of the ramp-up of C-17 schoolhouse flying hours as the number of C-17s in the fleet increase, KC-10 contractor logistics support for engine repair schedules, and increased C-130 hours for Joint Airborne/Air Transportability training. These increases are offset by reductions reflecting the retirement of three C-137 aircraft and flying hour restructuring among all weapons systems.

Other changes include the stand up of six battle labs whose mission is to rapidly measure the worth of innovative operations and logistical concepts and report their findings to corporate Air Force. In addition, the budget reflects an increase in environmental assessments and environmental impact statements due to the FY 1995 Base Realignment and Closure recommendations and decreases as a result of civilian end strength reductions.

AIR FORCE RESERVE

The funds requested for the Operation and Maintenance, Air Force Reserve appropriation are required to maintain and train units for immediate mobilization, and to provide administrative support for the Air Reserve Personnel Center. The FY 1999 request provides for the operation and training of 60 flying units, 269 mission support units, 12 Air Force Reserve installations, and the flying and mission training of 72,242 Selected Reserve personnel. Activities supported include aircraft operations, base and depot level aircraft maintenance, facility maintenance, medical treatment, civilian pay, travel/transportation, maintenance of other equipment, and base operating support.

<u>Funding</u>	(\$ in Millions)		
	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Aircraft Operations	936.8	1,043.0	1,038.5
Mission Support Ops	42.0	40.9	40.9
Depot Maintenance	166.3	213.7	298.5
Base Support	221.2	212.2	223.6
Real Property Maintenance	<u>46.2</u>	<u>59.8</u>	<u>61.6</u>
Total	1,412.5	1,569.6	1,663.1
			<u>Change</u>
			-4.5
			-
			+84.8
			+11.4
			<u>+1.8</u>
			+93.5

AIR OPERATIONS

Program Data

Primary Aircraft Authorized (PAA)
Total Aircraft Inventory (TAI)
Flying Hours (000)
Tactical Fighter Wing Equivalent

	<u>FY 1997 Actual</u>	<u>FY 1998 Estimate</u>	<u>FY 1999 Estimate</u>	<u>98-99 Change</u>
	401	400	393	-7
	452	450	451	+1
	135.4	137.0	135.2	-1.8
	1.00	1.00	1.00	-

Crew Ratio (Average)

Bombers
Fighters
Tankers
Strategic Airlift
Tactical Airlift

Bombers	1.31	1.31	1.31	-
Fighters	1.25	1.25	1.25	-
Tankers	1.27	1.27	1.27	-
Strategic Airlift	2.00	2.00	2.00	-
Tactical Airlift				

OPTEMPO (Hrs/Crew/Month)

Bombers
Fighters
Tankers
Strategic Airlift
Tactical Airlift

Bombers	16.3	16.5	16.0	-0.5
Fighters	11.2	11.4	11.6	+0.2
Tankers	15.0	15.0	15.0	-
Strategic Airlift	10.6	10.6	10.6	-
Tactical Airlift	13.7	13.7	13.7	-

The FY 1999 funding for Air Operations increases by \$93.5 million (\$16.3 million of price growth and \$77.2 million of program growth) from the FY 1998 funding level. Depot maintenance increases as a result of maintenance deferrals from prior years and increased work packages as determined by the Maintenance Requirements Review Board (MRRB). Other changes include an increase in the KC-135 squadron size, the stand-up of an A-10 training squadron, a KC-10 flying hour increase, and the standup of a security squadron at Falcon AFB, CO. These increases are partially offset by program decreases as the result of conversion from C-141s to C-17s and civilian personnel reductions as a result of the National Performance Review.

AIR OPERATIONS

AIR NATIONAL GUARD

The Air National Guard air operations provide for the flying and maintenance of Air National Guard mission related aircraft. These funds also provide for the facilities, equipment, and manpower required to train, equip, and support the Air National Guard force structure at a combat readiness level that enables it to immediately assimilate into the active Air Force and to be capable of conducting independent operations in accordance with unit taskings.

	(\$ in Millions)			
	FY 1997 <u>Actual</u>	FY 1998 <u>Estimate</u>	FY 1999 <u>Estimate</u>	98-99 <u>Change</u>
<u>Funding</u>				
Aircraft Operations	1,702.4	1,936.9	1,935.9	-1.0
Mission Support Ops	386.8	331.7	340.9	+9.2
Depot Maintenance	280.2	406.8	428.7	+21.9
Base Support	281.3	297.4	295.2	-2.2
Real Property Maintenance	79.4	77.9	82.6	+4.7
Total	2,730.1	3,050.7	3,083.3	+32.6
 <u>Program Data</u>				
Primary Aircraft Authorized (PAA)	1,192	1,184	1,170	-14
Total Aircraft Inventory (TAI)	1,381	1,362	1,355	-7
Flying Hours (000)	373	361	358	-3
Tactical Fighter Wing Equivalents	6.00	6.00	6.63	+.63

AIR OPERATIONS

Crew Ratio (Average)	FY 1997 <u>Actual</u>	FY 1998 <u>Estimate</u>	FY 1999 <u>Estimate</u>	98-99 <u>Change</u>
Bombers	1.50	1.50	1.50	-
Fighters	1.25	1.25	1.25	-
Tankers	1.27	1.27	1.27	-
Strategic Airlift	2.00	2.00	2.00	-
Tactical Airlift	1.75	1.75	1.75	-
OPTEMPO (Hrs/Crew/Month)				
Bombers	19.6	19.6	19.6	-
Fighters	11.6	11.6	11.6	-
Tankers	13.6	13.6	13.6	-
Strategic Airlift	11.8	11.8	11.8	-
Tactical Airlift	16.7	16.7	16.7	-

Air Operations: This activity reflects an increase of \$32.6 million between FY 1998 and FY 1999. The changes include price growth of \$26.2 million, functional transfers of \$2.8 million, and program growth of \$3.6 million. More detailed changes for the subactivity groups follows.

Aircraft Operations: This activity includes program reductions of \$5.0 million in FY 1999 as the result of cancellation of the FAKER contract, elimination of the Pacer Coin mission at the end of FY 1998, and reduced requirements at the second Air National Guard B-1 bomber unit. These decreases are partially offset by a realignment of training range responsibilities from the active Air Force, conversion of an 8 Primary Aircraft Authorized (PAA) C-130 E unit, and the addition of two C-130H airlift aircraft.

Mission Support Operations: This activity includes program growth of \$1.5 million between FY 1998 and FY 1999. Adjustments include annualization of the Air Traffic Control program initiatives, increased maintenance and deployment funds for the Senior Scout mission, medical readiness funding for Hepatitis A vaccine, and the addition of one aerial port unit to support the new C-130 squadron. The increases are partially offset by continued civilian manpower reductions at civil engineering units and tactical air control units, the loss of two tactical air control units in FY 1999, and annualization of the conversion of civilian technician manpower to Active Guard/Reserve positions in support of the Mobile Ground System space operation.

AIR OPERATIONS

Depot Maintenance: The FY 1999 budget request includes program growth of \$13.6 million. Increases are the result of continuing bulkhead replacement on the F-16 fleet, an additional C-5 aircraft repair, and 1,000 additional hours of depot work on the KC-135 aircraft. The KC-135s are requiring extensive rewiring and corrosion repair. These increases are partially offset by reduced maintenance requirements for the B-1 and C-130 aircraft, completion of the center wing box replacement on the C-141 aircraft in FY 1998, and completion of repairs on tow tractors and transportable automatic air command and control systems in FY 1998.

Base Support: Base support activities include program reductions of \$7.3 million in FY 1999. Savings accrue as a result of the elimination of runway support at Griffiss AFB, NY because of base closure decisions and reduced funding for Class II environmental compliance projects. These decreases are partially offset by an increase in utility costs to support additional flight simulators.

Real Property Maintenance: Real Property Maintenance includes program growth of \$3.5 million in FY 1999 for one-time facility enhancements at four F-16 units converting from air defense to general purpose forces and one unit converting to C-130E tactical airlift aircraft.

US SPECIAL OPERATIONS COMMAND

The funds requested for USSOCOM are required to support the manpower authorizations, Special Operations Forces (SOF) unique support equipment, flying hours, aircraft, necessary facilities, and the associated costs specifically identified and measurable to initial qualification and training of aircrews for SOF aviation operations and tactics.

	(\$ in Millions)			
	FY 1997	FY 1998	FY 1999	98-99
<u>Funding</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
SOF Operations	345.0	424.8	433.9	+9.1
<u>Program Data</u>				
Primary Aircraft Authorized (PAA)				
AFSOC*	130	129	128	-1
USASOC**	127	127	127	-
Total Aircraft Inventory (TAI)				
AFSOC*	151	149	149	-
USASOC**	127	127	127	-

AIR OPERATIONS

	(\$ in Millions)		
	FY 1997 <u>Actual</u>	FY 1998 <u>Estimate</u>	FY 1999 <u>Estimate</u>
Flying Hours (000)			98-99 Change
AFSOC*	54	53	57
USASOC**	33	32	32
Crew Ratio (Avg)			
AFSOC*	1.6	1.6	1.6
USASOC**	1.2	1.2	1.2
OPTEMPO (Hrs/Crew/Month)			
AFSOC*	22.0	20.9	22.0
USASOC**	17.0	17.0	17.0
Primary Mission Readiness (PMR) (%)	75	75	75

* Air Force Special Operations Command (AFSOC)

** U.S. Army Special Operations Command (USASOC)

USSOCOM: The FY 1999 program includes increases primarily for additional flying hours for the MH-53J and the C-130 aircraft. The hours are required for new jointly qualified pilots on the MH-53J and to provide additional training for staff pilots.

DEFENSE HEALTH PROGRAM

Funding for the Defense Health Program (DHP) in FY 1999 supports (1) eight UH-1 aircraft at Fort Rucker (Lyster Army Hospital) that provide aeromedical evacuation support to the Army Aviation Center and the Army Aviation & Analysis Laboratory; and (2) eighteen C-9A aircraft which provide the intra-theater, patient airlift in the western Pacific, Europe, Middle East, and the continental United States and the inter-theater patient airlift between the western Pacific, Hawaii and the continental United States. Also included is the associated mission support personnel, three Aeromedical squadrons, and the international aeromedical evacuation (strategic airlift) account. The total cost includes fuel, supplies, depot level repairs, contract maintenance and all other related costs associated with the aeromedical evacuation system.

AIR OPERATIONS

	(\$ in Millions)			
	FY 1997 <u>Actual</u>	FY 1998 <u>Estimate</u>	FY 1999 <u>Estimate</u>	98-99 <u>Change</u>
<u>Funding</u>	78.0	81.9	81.8	-0.1
<u>Program Data</u>				
Primary Auth Acft (PAA)	25	26	26	-
Flying Hours (000)	24	23	21	-2
Crew Ratio (Average)	3.00	3.00	3.00	-

DHP: The FY 1999 budget request reflects a decrease in the C-9A program and flying hours as the result of the DoD Inspector General's recommendations.

SHIP OPERATIONS

	(\$ in Millions)			
	FY 1997 <u>Actual</u>	FY 1998 <u>Estimate</u>	FY 1999 <u>Estimate</u>	98-99 <u>Change</u>
<u>Active Forces</u>				
Mission and Other Ship Operations	1,924.1	2,177.1	1,987.9	-189.2
Operational Support and Training	505.3	726.8	541.1	-185.7
Intermediate Maintenance	445.9	443.6	388.4	-55.2
Depot Maintenance	1,754.8	1,953.2	1,947.4	-5.8
Depot Operations Support	1,158.0	763.8	1,147.2	+383.4
Base Support	780.4	816.0	832.8	+16.8
Real Property Maintenance	<u>275.3</u>	<u>216.0</u>	<u>248.6</u>	<u>+32.6</u>
Total Active	6,843.8	7,096.5	7,093.4	-3.1
<u>Reserve Forces</u>				
Mission and Other Ship Operations	71.6	59.5	61.9	+2.4
Operational Support and Training	0.6	0.6	0.6	-
Intermediate Maintenance	11.8	10.3	9.5	-0.9
Depot Maintenance	75.2	68.3	79.3	+10.9
Depot Operations Support	1.4	1.5	1.5	-
Total Reserve	<u>160.6</u>	<u>140.3</u>	<u>152.7</u>	<u>+12.4</u>
Grand Total	7,004.4	7,236.8	7,246.1	+9.3

Ship Operations funds the operating tempo (OPTEMPO), intermediate maintenance, depot level maintenance, engineering support, logistical support, and base support to maintain and deploy combat-ready ships to ensure control of the sea. From this activity the Navy purchases ship fuel, repair parts, utilities, consumable supplies, and repair maintenance at public and private shipyards, as well as Fleet intermediate maintenance facilities. In addition, this category includes the cost to charter logistics support and other ships from the Military Sealift Command (MSC), and includes payments to the Department of Energy (DOE) for consumed nuclear fuel and storage of expended nuclear cores.

SHIP OPERATIONS

The net decrease of \$3.1 million in the Operation and Maintenance, Navy (OMN) appropriation is composed of a price reduction of \$515.8 million and net program growth of \$512.7 million (+7%). The FY 1998-99 change within the Depot Operations Support Sub-activities Group (SAG) includes consolidation of \$293.4 million from three SAGs related to the Pearl Harbor Pilot Project.

The FY 1999 Operation and Maintenance, Navy Reserve (OMNR) Ship Operations request increases by \$12.4 million from the FY 1998 amount. The net increase is composed of a price reduction of \$1.9 million and a net program growth of \$14.3 million. The program growth is attributable to changes in the number and mix of ship repair availabilities, as well as additional funding for USS KENNEDY's deployment workups.

<u>Ship Inventory (End Year)</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>98-99</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
Navy Active	296	276	258	-18
MSC Charter ^{1/}	<u>40</u>	<u>39</u>	<u>39</u>	-
Battle Force Ships (Active)	336	315	297	-18
Reserve (Battle Force) ^{2/}	18	18	18	-
Reserve (Other)	<u>6</u>	<u>8</u>	<u>10</u>	+2
Naval Reserve Force	24	26	28	+2
Total Battle Force Ships ^{3/}	354	333	315	-18

^{1/} Includes surveillance ships (TAGOS), ammunition ships (TAE), combat store ships (TAFS), fleet oilers (TAO), and fleet ocean tugs (TATF).

^{2/} Includes the training carrier USS KENNEDY (CV-67).

^{3/} Active plus Reserve (Battle Force) -- excludes Reserve (Other).

The size of the deployable Battle Force continues to decline, in keeping with the "shape-respond-prepare" national strategy, and in recognition of the reduced threat of global warfare. This decrease is possible because of the multipurpose capability of ships being added to the naval inventory, as well as the assumption of a major portion of the combat logistics force mission by the Military Sealift Command (which requires fewer ships to provide similar capabilities).

SHIP OPERATIONS

Battle Force Ships Inventory Adjustments by Category between FY 1998 and FY 1999

	<u>FY 1998</u> <u>Ending</u> <u>Inventory</u>	<u>Gains</u>	<u>Losses</u>	<u>FY 1999</u> <u>Ending</u> <u>Inventory</u>
Strategic	18	-	-	18
Carriers (Includes 1 Training Carrier)	12	-	-	12
Surface Combatants	117	4	5	116
Submarines	65	1	9	57
Amphibious	40	-	1	39
Mine Warfare	16	-	-	16
Combat Logistic Support	39	1	6	34
Support Ships	<u>26</u>	<u>1</u>	<u>4</u>	<u>23</u>
Total	333	7	25	315
(Active)	(315)	(7)	(25)	(297)
(Reserve)	(18)	(-)	(-)	(18)

Inventory losses in FY 1999 include the decommissioning of the Navy's last two nuclear cruisers, two guided-missile destroyers, one guided-missile frigate, nine nuclear attack submarines, one amphibious dock landing ship, five fleet oilers, one ammunition ship, two submarine tenders, and two fleet ocean tugs. This inventory loss is partially offset by gains of four ARLEIGH BURKE class guided-missile destroyers, one SEAWOLF class nuclear attack submarine, one oceanographic survey ship, and the activation of one HUMPREYS class fleet oiler.

The Navy will continue to maintain a force of twelve aircraft carriers. This includes the training carrier USS KENNEDY (CV-67), which transferred to the reserve force in FY 1995 to serve as the primary carrier for pilot carrier qualification and as a deployable asset.

The size of the Naval Reserve Battle Force remains constant at 18 ships from FY 1997 through FY 1999. The Naval Reserve Battle Force ships consist of one conventionally powered aircraft carrier (CV), ten guided missile frigates (FFG), two amphibious ships (LST), one mine countermeasure command ship (MCS), and four mine countermeasure (MCM) ships.

SHIP OPERATIONS

Operating Tempo

Sustaining the ship-operating tempo is critical to meeting global forward-deployed missions and overseas presence commitments of the deployed fleet, and to maintain a combat ready and rapidly deployable force in the nondeployed fleet. Operating tempo goals are budgeted to support an average of 50.5 underway days per quarter for the deployed forces and 28 underway days per quarter for the non-deployed forces. The FY 1998 and FY 1999 funding to support contingency operations for Southwest Asia and Bosnia (through June 1998 only) is included the Overseas Contingency Operations Transfer Fund (OCOTF).

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>98-99</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
<u>Operating Tempo (Underway Days Per Quarter)</u>				
Non Deployed Fleet	28.4	28.0	28.0	-
Deployed Fleet ^{1/}	53.8	50.5	50.5	-
Naval Reserve Force (except CV)	19	18	18	-
Naval Reserve Force (CV)	28	31	28	-3

^{1/} The FY 1997 Operating Tempo actual figures reflect additional underway days in support of contingency operations as funded from the Overseas Contingency Operation Transfer Fund.

Shipyears

Shipyear data provides a more accurate indicator of the naval inventory than an end-of-year ship count. A shipyear measures that portion of a fiscal year that a ship serves in the fleet. For example, a ship decommissioned on June 30th would have 0.75 shipyears for that fiscal year (October thru June) -- whereas its end-of-year inventory would be zero.

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>98-99</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
<u>Ship Years (Less Charter Ships)</u>				
Conventional	196.4	194.1	180.7	-13.4
Nuclear	101.3	94.3	86.9	-7.4
Reserve	22.1	24.3	27.3	+3.0

SHIP OPERATIONS

Operating Months

Operating month data is a better indicator of ship operations costs than either end-of-year inventory or ship years. Operating months reflect the part of a fiscal year that a ship is fully available for missions. The complement of operating months is repair months. For example, a ship not available for missions while undergoing a 3-month repair period would have 9 operating months and 3 repair months. Net Ship Operating month declines reflects ship decommissionings.

	<u>FY 1997 Actual</u>	<u>FY 1998 Estimate</u>	<u>FY 1999 Estimate</u>	<u>98-99 Change</u>
<u>Operating Months (Less Charter Ships)</u>				
Conventional	2,081	2,090	1,930	-160
Nuclear	1,128	1,048	933	-115
Reserve	247	261	288	+27

Underway Steaming Hours

Underway steaming hours display the estimated total number of hours ships in the battle force are underway. Total steaming hours is dependent upon operating tempo and operating months. Fuel consumed will generally change directly with steaming hours for conventionally powered ships (although fuel burn rates will vary widely between ship classes).

	<u>FY 1997 Actual</u>	<u>FY 1998 Estimate</u>	<u>FY 1999 Estimate</u>	<u>98-99 Change</u>
<u>Underway Steaming Hours (Less Charter Ships)</u>				
Conventional	522 K	498 K	461 K	-37 K
Nuclear Surface	23 K	26 K	17 K	-9 K
Reserve	32 K	30 K	34 K	+4 K

SHIP OPERATIONS

Ship Depot Level Maintenance

Depot Level Maintenance requires skills or facilities beyond the ability of organizational and intermediate level maintenance activities and is performed by naval shipyards, private shipyards, naval ship repair facilities, or item depot activities. Alterations and modifications to the ship's military and technical capabilities may also be accomplished during the maintenance availability. The majority of planned depot level maintenance periods are categorized as overhauls, selected restricted availabilities, or phased maintenance availabilities.

Overhauls involve major repairs and modernization, and normally exceed a 6-month duration. Overhauls of nuclear powered submarines and aircraft carriers may include reactor core refueling. Selected restricted availabilities (SRAs) and phased-maintenance availabilities (PMAs) are similar in that both are relatively short (2-3 months) and involve labor intensive repair and modernization efforts. However, ships, which are scheduled for PMAs typically do not undergo overhauls. The SRAs are scheduled at longer intervals, and thus those ships periodically require an overhaul. A ship will undergo overhauls, either SRAs or PMAs, as part of its maintenance cycle depending upon the maintenance plan established for that class of ship.

This budget includes a regional maintenance pilot project at Pearl Harbor's Intermediate Maintenance Facility and Naval Shipyard that will merge the two organizationally and transition the merged activity to mission funding. This project will foster the Navy's efforts to achieve efficiencies by eliminating artificial barriers to effective workload management.

The table below shows the number of major depot level maintenance availabilities for the fleet. Changes between FY 1998 and FY 1999 reflects changes in maintenance requirements driven by discrepancies found during pre-overhaul tests and inspections or developed from maintenance history analysis.

<u>Maintenance Availabilities</u> <u>Active</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>98-99</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
Overhauls	5	5	6	+1
Selected Restricted Availability	66	61	55	-6
Phased Maintenance Availability	23	21	18	-3
Floating Dry Dock Availability	-	-	-	-
<u>Reserve</u>				
Selected Restricted Availability	4	5	3	-2
Phased Maintenance Availability	4	7	7	-

SHIP OPERATIONS

Naval Stations

The decrease from FY 1997 to FY 1998 is due to the closure of Long Beach Naval Shipyard and Naval Station Treasure Island.

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>98-99</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
<u>Base Support (Number of Naval Stations)</u>				
CONUS	23	21	21	-
Overseas	8	8	8	-

LAND FORCES

(\$ in Millions)

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>98-99</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
Army	2,794.3	2,750.3	2,966.5	+216.2
Marine Corps	<u>394.7</u>	<u>368.0</u>	<u>375.5</u>	<u>+7.5</u>
Total	3,189.0	3,118.3	3,342.0	+223.7

This section describes those resources committed to the training and sustainment of land forces. Land Forces encompasses the Land Forces O-1 Activity Group within the Army and that portion of the Expeditionary Forces O-1 Activity Group within the Marine Corps for the Fleet Marine ground forces. The Army's Land Forces are comprised of the units assigned to heavy, airborne, air assault and light division; corps combat units and corps support forces; echelon above corps forces; and combat training centers. The Marine Corps land forces constitute the Marine air-ground team and Marine security forces at Naval installations and aboard Naval vessels.

Resources in land forces train and sustain the active component ground combat forces. These resources support the key ingredients of combat readiness by providing the funds necessary to operate combat vehicles and weapon systems, train combat personnel, perform field level equipment maintenance, and maintain required readiness levels.

ARMY

The Army land forces program provides resources to train and sustain the active component combat forces and support training strategies to meet T1/T2 readiness levels which ensure that units are trained to undertake either their full wartime mission(s) or most of their wartime mission(s). Funding allows the Army to field a trained and ready force possessing the combat capabilities necessary to execute assigned missions and fulfill the Army's role in implementing the Defense strategy that supports the President's National Security Strategy threat scenarios (described in the Defense Planning Guidance). In addition to unit training and its associated costs such as fuel, supplies, repair parts, travel and transportation, the land forces program includes the resources to fund the operation of the Combat Training Centers (CTCs).

For FY 1999, the Army land forces program provides sufficient resources to support active component unit training strategies at C1/C2 readiness levels. These readiness levels ensure that the units possess the required resources, are trained, and are in position (or have the necessary mobility) to undertake their full missions for which they are deployed or most of their full missions. This includes funding operating tempo (OPTEMPO) for the M1 ground combat system at 800 miles and a flying hour program that averages 14.5 hours per crew per month for attack helicopters with an overall program of 14.0 hours for all helicopters. In addition to the

LAND FORCES

M1 ground combat forces, the units operating M2 Bradley Fighting Vehicles (mechanized infantry) and the M3 Cavalry Vehicles (cavalry squadrons) are resourced at OPTEMPO levels of 934 and 970 miles per vehicle, respectively. Land Forces also supports a training strategy that exposes all soldiers, from the infantry member to the corps commander, to a full range of realistic training exercises and simulation operations. The FY 1999 funding will permit the Army to train 10 brigades at the National Training Center, 10 brigades at the Joint Readiness Training Center, and 5 brigades at the Combat Maneuver Training Center. Additionally, 5 divisions and 3 corps staffs as well as 1 Command and General Staff College Prairie Warrior Exercise will train on the Battle Command Training Program.

The FY 1999 program reflects an increase of \$216.2 million above the FY 1998 funding level. This increase is the net of price increases of \$75.6 million, transfers out of \$2.1 million, and program increases of \$142.6 million. The FY 1999 program growth supports the Army's 800-mile ground OPTEMPO training strategy and the associated costs for fuel, repair parts, and maintenance to support this increased training activity level.

MARINE CORPS

The Marine Corps land forces program encompasses the ground portion of the Fleet Marine Forces and includes the three Marine divisions, three Service Support Groups, five Helicopter Groups, and two Light Anti-aircraft Missile Battalions. The forces are located at installations on the east and west coasts of the United States and at bases in the Pacific Ocean.

The Land Forces program supports Marine Corps forces that constitute the Marine air-ground team and Marine security forces at Naval installations and aboard Naval vessels. The program funds participation by Marine Units in Joint Chiefs of Staff-directed and coordinated exercises, other unit training and exercises, routine operations, supplies, maintenance, travel, per diem, automatic data processing, and initial purchase as well as replenishment and replacement of both unit and individual equipment.

The FY 1999 program reflects a funding increase of \$7.5 million above the FY 1998 funding level. This increase includes price growth of \$2.9 million and net program growth of \$4.6 million. Major program increases are: corrosion control and coating program (\$3.7 million), National Foreign Intelligence Program (\$2.8 million), new equipment purchases and depot level repairables (\$4.1 million), transportation requirements (\$2.6 million), temporary duty and general expenses (\$2.0 million), increased operating and OPTEMPO costs for deploying Marine Expeditionary Units (\$3.0 million), and an increase for the Joint Chief of Staff exercise program to restore funding from the FY 1998 congressional adjustment (\$8.0 million). These increases are offset by a one time congressional increase for readiness not extended into FY 1999 (\$-21.6 million).

LAND FORCES

PROGRAM DATA

ARMY OPTEMPO MILES

	<u>FY 1997</u> <u>Actual</u>	<u>FY 1998</u>	
		<u>Rqmt</u>	<u>Budget</u>
<u>BATTALIONS</u>			
Armor			
M1	654	800	800
Mech Infantry			
M2	729	934	934
Cavalry Squadron			
M3	631	1,309	1,067
		970	970

MARINE CORPS TRAINING DAYS

	<u>FY 1997</u>		<u>FY 1998</u>		<u>FY 1999</u>	
	<u>No. of</u> <u>Units</u>	<u>No. of</u> <u>Days</u>	<u>No. of</u> <u>Units</u>	<u>No. of</u> <u>Days</u>	<u>No. of</u> <u>Units</u>	<u>No. of</u> <u>Days</u>
<u>BATTALIONS</u>						
Infantry	24	3,138	24	3,145	24	3,145
Artillery	10	1,195	10	1,185	10	1,185
Tank	2	195	2	195	2	195
Assault, Amphibian	2	180	2	180	2	180
Combat Engineer	2	220	2	220	2	220
Light Armored Infantry	2	220	2	265	2	265
Total		5,148		5,190		5,190

LAND FORCES

PERSONNEL DATA

	FY 1997 <u>Actual</u>	(End Strength) FY 1998 <u>Estimate</u>	FY 1999 <u>Estimate</u>
<u>ACTIVE FORCE PERSONNEL</u>			
Army Officer	31,464	32,361	29,818
Army Enlisted	263,175	266,074	261,684
Subtotal Army	294,639	298,435	291,502
Marine Corps Officer	8,861	8,490	8,626
Marine Corps Enlisted	95,876	94,579	92,936
Subtotal Marine Corps	104,737	103,069	101,562
Total Officer	40,325	40,851	38,444
Total Enlisted	359,051	360,653	354,620
Total Active Force Personnel	399,376	401,504	393,064
<u>CIVILIAN PERSONNEL</u>			
Army Civilian	3,183	3,198	3,405
Marine Corps	170	188	188
Total Civilian Personnel	3,353	3,386	3,593

SPECIAL OPERATIONS FORCES

	(\$ in Millions)		
	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
	<u>ACTUAL</u>	<u>ESTIMATE</u>	<u>ESTIMATE</u>
Defense-Wide (USSOCOM)	1,084.1	1,182.5	1,238.9
Special Operations Command	69.8	74.0	88.2
Joint Special Operations Command	74.0	88.1	91.5
Theater Special Operations Command	16.5	11.9	12.2
Army Special Operations Command	356.9	352.4	359.3
Naval Special Warfare Center	171.9	190.7	201.3
Air Force Special Operations Command	346.6	397.7	408.5
Special Operations Acquisition Center	48.4	67.7	77.9
			<u>Change</u>
			+56.4
			+14.2
			+3.4
			+3
			+6.9
			+10.6
			+10.8
			+10.2

United States Special Operations Command (USSOCOM) is a unified command with worldwide responsibilities to train, maintain, and provide Special Operations Forces (SOF) in support of the contingency plans developed by the five regionally oriented unified commands (USACOM, USEUCOM, USCENTCOM, USPACOM, and USSOUTHCOM). When directed by the President, USCINCSOC will assume command of a special operation anywhere in the world. USSOCOM's Army forces include Special Forces, Rangers, short to medium range infiltration/exfiltration aircraft, Civil Affairs specialists, and Psychological Operations specialists. Navy forces consist of SEAL (Sea, Air, Land) Teams, Patrol Coastal ships, and Special Boat Units. The Air Force special operation units provide medium to long range air infiltration/exfiltration aircraft, specially equipped gunships, and aerial refueling capability. USSOCOM is the only operational command within DOD directly responsible for determining it's own force structure and related material requirements - procuring SOF unique equipment and training and deploying it's own units.

The resources identified directly support SOF units' training, deployments, reaction to contingency requirements, and the day-to-day costs involved in operating USSOCOM's Army, Navy, and Air Force Special Operations units. Included are costs associated with mission enhancements, fielding of SOF equipment, depot maintenance of SOF unique equipment, combat development activities, anti-terrorism/force protection initiatives, and force structure changes. The special operations schools (John F. Kennedy Special Warfare Center and School, Fort Bragg, NC; Naval Special Warfare Center at Coronado, CA; and the Air Force Special Operations School at Hurlburt Field, FL) and training development and support activities are also supported. Also included are operations and maintenance support associated with acquisition of advanced special operations forces equipment and the operation of management headquarters (USSOCOM Headquarters and staff, Naval Special Warfare Command, the U. S. Army Special Operations Command, and the Air Force Special Operations Command).

SPECIAL OPERATION FORCES

FY 1998 TO FY 1999 PROGRAM CHANGES ARE AS FOLLOWS:

The FY 1999 budget request increases by \$56.4 million over the FY 1998 level. This increase includes \$9.0 million for price growth and \$47.4 million in net program growth. The total below displays the USSOCOM O&M, Defense-Wide funding by program area. An explanation of the program growth follows this table.

BA-1 OPERATING FORCES	FY 1998 Estimate	PRICE GROWTH	PROGRAM GROWTH	TOTAL GROWTH	FY 1999 Estimate
SPECIAL OPERATIONS OPERATIONAL FORCES					
FLIGHT OPERATIONS	424.8	-.2	+9.3	+9.1	433.9
SHIP/BOAT OPERATIONS	47.0	-.8	+9.6	+8.8	55.8
COMBAT DEVELOPMENT ACTIVITIES	216.7	+2.1	-2.7	-.6	216.1
OTHER OPERATIONS	115.3	+1.6	+1.3	+2.9	118.2
SPECIAL OPERATIONS OPERATIONAL SUPPORT					
FORCE RELATED TRAINING	38.6	+.5	+5.6	+6.1	44.7
OPERATIONAL SUPPORT	19.0	+.5	-2.9	-2.4	16.6
INTELLIGENCE & COMMUNICATION	52.8	+.9	+16.8	+17.7	70.5
MANAGEMENT/OPERATIONAL HQTRS	69.0	+1.6	-2.1	-.5	68.5
DEPOT MAINTENANCE	104.7	+1.4	+8.1	+9.5	114.2
BASE SUPPORT	12.2	-.2	-1.2	-1.4	10.8
TOTAL BA-1	1,100.1	+7.4	+41.8	+49.2	1,149.3
BA-3 TRAINING					
SKILL AND ADVANCED TRAINING					
SPECIALIZED SKILL TRAINING	37.4	+.8	+1.3	+2.1	39.5
PROFESSIONAL DEVELOPMENT EDUCATION	1.5	-	-	-	1.5
BASE SUPPORT	1.5	-.1	-	-.1	1.4
TOTAL BA-3	40.4	+7	+1.3	+2.0	42.4

SPECIAL OPERATION FORCES

BA-4 ADMINISTRATIVE AND SERVICEWIDE

LOGISTICS OPERATIONS

	<u>FY 1998 Estimate</u>	<u>PRICE GROWTH</u>	<u>PROGRAM GROWTH</u>	<u>TOTAL GROWTH</u>	<u>FY 1999 Estimate</u>
ACQUISITION/PROGRAM MANAGEMENT	42.0	+.9	+4.2	+5.1	47.1
TOTAL BA-4	42.0	+.9	+4.2	+5.1	47.1
TOTAL SPECIAL OPERATIONS COMMAND	1,182.5	+9.0	+47.4	+56.4	1,238.9

Program Growth Description:

Operating Forces (\$+41.8 million) in FY 1999

- The Flight Operations program growth is mainly due to the increase in the United States Air Force Special Operations Command's (AFSOC) flying hour program of 4,353 hours and the restoration of 212 hours for the United States Army Special Operations Command (USASOC) as well as increases in other flight operations related costs (SOF peculiar support equipment, etc.). +9.3
- The program growth for Ship/Boat operations is attributed to the planned delivery of eight Naval Special Warfare Rigid Inflatable Boats (RIB), the remaining 4 MK V craft becoming fully operational and deployable, and the increase in deployed months for the Special Boat Squadron TWO. +9.6
- The Combat Development Activities decrease is partly due to a transfer of \$1.6 million to procurement. An additional \$1.1 million in reductions is for classified activities that are addressed in the classified budget submission. -2.7
- Other Operations program growth is primarily associated with the purchase of furnishings for the SOF Battalion & Company Operation Facility for USASOC, and the purchase of a C-130 deployable drive-on/drive-off tactical radio/TV transmission, reception system. +1.3

SPECIAL OPERATION FORCES

- The increase for force related training is for foreign language program to recover from Army personnel attrition; additional maintenance and repair of the growing numbers of rigid hull inflatable boats; increased maintenance and repair of aging facilities, facility modernization, and improved safety/security at the Navy Special Warfare Command. +5.6
- The program growth in intelligence and communications is for the life cycle sustainment of fielded systems, replenishment spares, replacement equipment, and contractor assistance and support for USASOC. +16.8
- Depot Maintenance program growth includes, but is not limited to, sustainment of MH 53-J, the MH 60G, and the MC130H Combat Talon II. Funding also supports Hull Integrity Procedure inspections for the Naval Special Warfare Command, MK V Phased Maintenance Availability, the Rigid Hull Inflatable Boat (RHIB), and "Title D" alterations for Patrol Coastal boats. +8.1
- The program decrease in Operational Support mainly results from a one-time buy in FY 1998 of equipment for the new headquarters for the 528th Special Operations Support Battalion and life cycle replacement of equipment. -2.9
- Management/Operational Headquarters decreases as Cost and Economics Analysis Studies (COEAS), Studies and Analysis (S&A programs), and administrative support at Headquarters, United States Special Operations Command (USSOCOM) are reduced. -2.1
- Base Support decrease with one-time requirements in FY 1998 for various projects for Headquarters, USSOCOM; minor construction projects for the Naval Special Warfare Command; and realignments to other subactivities. -1.2

SPECIAL OPERATION FORCES

Training (\$+1.3 million) in FY 1999

- The increase for Joint Chiefs of Staff (JCS) Exercises and the Joint Combined Exchange Training (JCET) fall within the Force Related Training subactivity. Further growth between FY 1998 and FY 1999 occurs as the FY 1999 program is rebaselined to reflect the 15 percent reduction from the FY 1996 program level in OPTEMPO man-days that was approved in the Quadrennial Defense Review (QDR). The rebaselining is necessary as the congressional reduction for the rebaselining in FY 1998 was excessive.

+1.3

Administrative (\$+4.2 million) in FY 1999

- The program increase provides funding for management support and fielding of various systems such as the Family of LoudSpeakers, the PRIVATEER, and the AC-130 Gunship weapon system support.

+4.2

FLYING HOURS

	<u>FY 1997 ACTUAL</u>	<u>FY 1998 ESTIMATE</u>	<u>FY 1999 ESTIMATE</u>
Total Acft Inventory (END FY)	278	276	276
Aircraft Inventory (PAA END FY)	257	256	255
Flying Hours (In Thousands)	87	85	89
Flying Hour Cost (\$ In Millions) *	166.6	221.7	237.8

* Excludes miscellaneous flight operation cost other than flight hours.

SPECIAL OPERATION FORCES

	<u>MANPOWER</u>	
	<u>FY 1997</u>	<u>FY 1998</u>
<u>Active Force Personnel A/S*</u>	<u>Actual</u>	<u>Estimate</u>
Army	15,351	15,373
Navy	4,947	5,030
Marine Corps	35	49
Air Force	8,969	9,212
Total	29,302	29,664
<u>Selected Reserve A/S*</u>		
Army Reserve	8,106	7,810
Navy Reserve	1,173	1,276
Air Force Reserve	1,003	1,105
Army National Guard	2,518	2,870
Air National Guard	767	825
Total	13,567	13,886
<u>Civilian Personnel FTEs**</u>		
Army Active	1,024	1,052
Army Reserve	161	166
Navy Active	228	245
Air Force Active	732	760
Air Force Reserve	277	284
Air National Guard	214	208
Total	2,636	2,715
		2,739

* A/S = Average Strength

** FTEs = Full Time Equivalent

MOBILIZATION

	(\$ in Millions)			
	FY 1997	FY 1998	FY 1999	98-99
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
Army	543.9	518.0	624.6	+106.6
Navy	1,131.9	1,226.3	998.4	-227.9
Marine Corps	76.5	80.9	85.6	+4.7
Air Force	2,899.9	2,840.6	2,808.9	-31.7
Total	4,652.2	4,665.8	4,517.5	-148.3

Mobilization provides for strategic and tactical airlift and sealift capability to deploy combat forces and materiel in contingencies. Mobilization also funds an adequate inventory of immediately available supplies and equipment, stationed both afloat and on land, to sustain the operating forces for lengths of time and levels of conflict outlined in the National Military Strategy. In addition, the Mobilization program funds the inactivation of Navy ships and submarines which accounts for over one-half of the Navy's Mobilization program. The Mobilization program decreases by \$148.3 million from FY 1998 to FY 1999, primarily in the Navy. The Navy changes include a reduction of \$104.3 million in pricing and \$123.7 million in program primarily because of revisions to the ship and aircraft inactivation schedules and in advanced planning because of fewer planned inactivations in future years. The decrease in the Navy is partially offset by an increase in the Army program. The Army's increases include \$7.4 million for price growth, \$66.1 million for infrastructure repairs and improvements required to meet FY 2001 Defense deployment timelines and \$18.8 million for maintenance of unutilized plant and equipment held in a standby or idle status or in War Reserve storage. In addition, the number of ships supported increase from 17 in FY 1998 to 18 in FY 1999 and continuation of the incremental fielding of the Accelerated Battalion Task Force in Qatar. The increase for the Marine Corps includes price growth and the outfitting costs for an additional Maritime Prepositioned Fleet ship. The decrease in the Air Force reflects price reductions of \$15.1 million, retirement of three C-137 aircraft, savings from outsourcing and a reduction in civilian workyears. The funding profile shown above includes all of Budget Activity 2 resources plus the Marine Corps Prepositioning activity group included in Budget Activity 1.

MOBILIZATION

	(\$ in Millions)	
	FY 1998	FY 1999
	<u>Actual</u>	<u>Estimate</u>
	400.9	470.0
		<u>Change</u>
		-44.0

AIRLIFT SUBSIDY

The Air Force's airlift program is financed primarily through USTRANSCOM rates; however, a direct payment to USTRANSCOM is required to fully meet airlift expenses due to the difference between USTRANSCOM rates and total costs of airlift operations, which include maintaining airlift mobilization capabilities to meet potential contingency requirements. The FY 1999 budget request returns to historical funding levels of direct support to USTRANSCOM after recoupment of FY 1997 revenue and expense imbalances in FY 1998.

	(\$ in Millions)	
	FY 1998	FY 1999
	<u>Actual</u>	<u>Estimate</u>
		<u>Change</u>
<u>SEALIFT</u>		
<u>Afloat Prepositioned Fleet (APF)</u>		
Army APF	193.5	255.8
Navy Maritime Prepo Ships (MPS)	364.0	373.6
Navy Prepositioned Hospital Ship	7.5	5.7
Ammo Prepo Ship	-	10.1
Air Force APF	41.7	44.1
Subtotal APF	606.7	689.3
Fast Sealift Ships	82.5	-
Hospital Ships	14.2	-
Aviation Logistics Ships	5.3	-
Subtotal Surge Ships	102.0	-
Total Sealift	708.7	689.3
		-5.7

MOBILIZATION

MOBILIZATION

The Sealift program funds two categories of forces: prepositioned ships and surge ships. Prepositioned ships carry equipment, supplies and ammunition and are available for immediate and rapid response to unforeseen contingencies throughout the world. Army forces consist of 18/17/18 APF ships in FY 1997/FY 1998/FY 1999, respectively, with a capability to deploy and sustain a five and one-third division corps with its associated force structure to any crisis worldwide. Funding changes are a function of the number of ships leased and operated and the number of maintenance cycles funded. The Navy forces include 13/13/14 MPS ships in FY 1997/FY 1998/FY 1999, respectively, that can support three Marine Amphibious Brigades in forward areas for 30 days of combat operations, a prepositioned fleet hospital ship to support the Marine Expeditionary Force (which will be released from service upon activation of an MPF enhanced ship in FY 1999), and a cargo/ammunition ship that is being activated in FY 1999 to provide support to US Central Command (CENTCOM).

The surge program collectively provides the sealift capability to outload, transport and discharge troops, equipment, POL, and cargo from the United States to worldwide combat operations. The Navy's sealift surge inventory was transferred to the National Defense Sealift Fund (NDSF) appropriation in FY 1998; however, Navy will continue to fund the biennial exercise costs for the hospital ships and the Aviation Logistics Support Ships with Budget Activity 2 (Mobilization) resources.

The Air Force funds three prepositioned ships. In FY 1999, one of the two remaining bulk cargo vessels will be replaced by a container capable ship. The increase in FY 1999 will fund the crossloading from the bulk cargo vessel to the container ship.

MOBILIZATION

MOBILIZATION

OTHER MOBILIZATION PROGRAMS	FY 1997 <u>Actual</u>	(\$ in Millions)		98-99 <u>Change</u>
		FY 1998 <u>Estimate</u>	FY 1999 <u>Estimate</u>	
<u>Army</u>				
Prepositioned Stocks	86.0	158.8	165.4	+6.4
Industrial Preparedness	58.7	58.9	78.6	+19.7
POMCUS	82.8	-	-	-
Other Prepositioned	118.8	37.9	38.7	+0.8
Exercises	4.1	21.6	20.0	-1.6
Real Property Maintenance	-	-	66.1	+66.1
Subtotal Army	350.4	277.2	368.8	+91.6
<u>Navy</u>				
Activations/Inactivations	586.6	720.9	512.7	-208.2
Fleet Hospital Program	18.7	19.3	23.5	+4.2
Industrial Readiness	0.7	14.5	16.2	+1.7
Coast Guard Support	18.8	17.8	17.2	-0.6
Other Sealift/Surge	31.5	37.3	37.0	-0.3
Exercises	2.1	2.5	2.4	-0.1
Subtotal Navy	658.4	812.3	609.0	-203.3
<u>Marine Corps</u>				
Prepositioned Equipment	76.5	80.9	85.6	+4.7
<u>Air Force</u>				
Airlift Operations	974.3	807.1	756.6	-50.5
Airlift Ops C3I	15.6	11.7	21.7	+10.0
Airlift Ops Training	492.6	554.8	570.1	+15.3
Mobilization Preparedness	230.2	70.9	90.7	+19.8

MOBILIZATION

MOBILIZATION

OTHER MOBILIZATION PROGRAMS (cont.)	(\$ in Millions)		
	FY 1997 <u>Actual</u>	FY 1998 <u>Estimate</u>	FY 1999 <u>Estimate</u> <u>Change</u>
Depot Maintenance	201.0	292.3	+24.2
Real Property Maintenance	141.6	147.9	+0.4
Base Support	<u>402.0</u>	<u>401.7</u>	<u>-10.8</u>
Subtotal Air Force	2,457.3	2,286.4	+8.4
 Total Other Mobilization	 3,542.6	 3,456.8	 -98.6

The Army's Other Mobilization programs fund manpower, material handling and other supply support equipment, facilities, etc. required to store and handle war reserve materials. War reserves are designed to sustain the operating forces for a specific length of time and intensity of conflict as required by the National Military Strategy. Beginning in FY 1997, the Prepositioning of Material Configured to Unit Sets (POMCUS) program was consolidated at the Army level and relocated both ashore and afloat to provide improved support to a Continental United States based Army. As a result, POMCUS assets are no longer separately tracked from other war reserve materials. Industrial preparedness funds an industrial and installation support base capable of mobilizing on short notice to meet the nation's Defense requirements in high intensity and/or long duration conflicts. The Other Prepositioned program includes procurement of containers and upgrades and repairs on strategic mobility infrastructure required to support and move early deploying forces. The FY 1999 request reflects an increase of \$28.8 million for maintenance on unutilized plant capacity as well as support to the Accelerated Battalion Task Force as the Army continues fielding the task force into Qatar. In addition, the Army is financing infrastructure improvements (\$66.1 million) to ensure efficient throughput capability for rapid power projection of combat support and combat service support units.

Included in the Navy's Other Mobilization programs are the cost to inactivate ships and submarines from the Navy's Active Ship Battle Forces. This cost can vary widely from year to year as the number, mix, and complexity of inactivations changes. The FY 1999 decrease of \$203.3 million includes negative price growth as well as a reduction in advanced funding requirements because of sharp reductions in workload in future years. In addition, \$57.8 million is transferred to the Ship Operations Activity Group to finance overhead costs for inactivation work performed at the Pearl Harbor Pilot maintenance facility.

The remainder of the Navy's Mobilization programs fund amphibious sealift equipment, such as elevated causeways, barge ferries and lighterage; maintenance and upgrade of equipment and replacement of medical supplies aboard prepositioned and surge ships; periodic exercises that involve the activation of surge ships; maintenance and resupply of fleet hospital assets in storage; maintenance, overhaul, and support of Navy equipment aboard Coast Guard vessels; and an industrial readiness program. The FY 1999 budget

MOBILIZATION

request includes an increase for a Service Life Extension Program (SLEP) on a fleet hospital ship and support for two Naval Weapons Stations in a mobilization status. These increases are partially offset by the transfer of funding for medical support equipment to the Other Procurement, Navy appropriation.

The Air Force's Airlift Operations program supports the day-to-day missions activity of Mobility Operations, including school-house and proficiency training for C-5, C-130, C-141, and C-17 aircrews, air refueling operations on KC-10 and KC-135 aircraft, operational support airlift, short takeoff and landing C-27 airlifters, and various simulators and trainer programs. The Air Force's Airlift C3I programs finance various command and control systems which provide the capability to direct and control airlift and aircrew forces for worldwide deployment. Mobilization Preparedness funding provides the Air Force with the capability to sustain operations during crisis situations through the provision and prepositioning of war reserve material (WRM), theater nuclear weapon storage and security systems (WS3), industrial preparedness, inactive aircraft storage and disposal, and station hospitals and clinics. The FY 1999 budget request includes negative price growth as well as the retirement of three more C-137's, reduced executive travel, and savings from outsourcing. These decreases are offset by increases for installation and maintenance of Local Area Net (LAN) systems; contract maintenance for deployed command and control systems; five additional C-130 Programmed Depot Maintenance (PDM) and 6 additional KC-135 PDMs. Hours have been added to the KC-135 PDMs to correct extensive corrosion problems. Other increases include introduction of new computer systems that allow real-time relay of intelligence data and increased training as the result of the increase in the number of fielded C-17s.

MOBILIZATION

DEPOT MAINTENANCE

	(\$ in Millions)			
	FY 1997	FY 1998	FY 1999	FY 98-99
	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
Army	719.1	744.3	570.7	-173.6
Navy	2,870.1	3,285.7	3,391.2	+105.5
Marine Corps	153.9	133.2	78.7	-54.5
Air Force	1,128.8	1,507.5	1,420.1	-87.4
Subtotal Active	4,871.9	5,670.7	5,460.7	-210.0
Army Reserve	47.5	40.5	47.3	+6.8
Navy Reserve	168.5	140.3	208.0	+67.7
Marine Corps Reserve	2.9	2.6	2.8	+0.2
Air Force Reserve	166.3	213.7	298.5	+84.8
Army National Guard	92.3	111.7	143.2	+31.5
Air National Guard	280.2	406.8	428.7	+21.9
Subtotal Reserve/Guard	757.7	915.6	1,128.5	+212.9
Grand Total	5,629.6	6,586.3	6,589.2	+2.9

Depot Maintenance programs fund the overhaul, repair, and maintenance of aircraft, missiles, ships, submarines, combat vehicles and other equipment. Depot maintenance efforts are performed at both public (DoD) and private (contractor) facilities. These efforts provide maintenance necessary to sustain the operational readiness of combat forces, to better ensure the safe and efficient operation of weapon systems, and to renovate assets that are being transferred from active forces to reserve components.

Depot Maintenance funding increases by \$2.9 million from FY 1998 to FY 1999. This increase is comprised of price growth of \$44.0 million offset by \$41.0 million of net program decreases. The program change can be divided into two categories: net functional transfers out of \$334.7 million and net real program growth of \$293.7 million.

Cost growth

Of the overall price increase, approximately \$94.7 million is due to price increases for aircraft maintenance, \$25.5 million for vehicle maintenance, \$41.3 million for maintenance of missile and other equipment. These price increases are offset by ship maintenance price decreases of \$117.6 million due to a decline in working capital fund rates.

DEPOT MAINTENANCE

Functional Transfers

Two Services, the Army and the Navy, have significant funding transfers occurring between FY 1998 to FY 1999. 1) The Army is rephasing a net of \$80.8 million from O&M to investment accounts, where the modernization and conversion work is more appropriately financed. Of this amount, \$56.4 million transfers to the Procurement of Weapons and Tracked Combat Vehicles, Army account, \$42.1 million for the Apache Helicopter transfers to the Aircraft Procurement, Army account and \$5.0 million to Other Procurement, Army, account. A transfer in of \$22.7 million from the Research, Development, Test and Evaluation, Army account to the O&M Army account for postproduction software support offsets these transfers out. 2) To effectively conduct and monitor all costs associated with the Pearl Harbor Regional Maintenance Pilot Program, the Navy is transferring \$253.9 million from the Ship Depot Maintenance account to the Ship Depot Operations account, where depot and intermediate maintenance funds will be consolidated. The pilot will test, among other things, the increased efficiency of integrating these maintenance efforts. In FY 1999, all Pearl Harbor maintenance costs, to include program administration costs, will be financed directly within O&M, Navy rather than financed through the Navy Working Capital Fund.

Program Growth

When normalized for the impact of funding transfers, the ship depot maintenance program grows \$461.7 million due to an increased number of scheduled Navy ship overhauls and Restricted Availabilities/Technical Availabilities. The aircraft maintenance program increases by a net of \$38.6 million. The aircraft program growth is exclusively in the Guard and Reserve accounts (\$+154.5 million) while the aircraft maintenance declines in the active accounts (\$-115.9 million) are due to one-time congressional adds in FY 1998. The ship and aircraft program increases are offset by the following program decreases: \$96.9 million in vehicle maintenance (including a \$87.9 million decrease in Army vehicle program due to one-time Congressional increases in FY 1998 and completion of the M1 Tank repair program, a \$39.3 million decrease in the Marine Corps vehicle program, offset by a \$27.3 million increase in the Army National Guard vehicle program); and a \$109.7 million decline in the missile and other maintenance categories affecting a large variety of programs in the Army (\$-43.7 million) and the Air Force (\$-65.1 million).

Maintenance Backlog

Between FY 1998 and FY 1999 the financial backlog grows by \$120.4 million. More than half of the backlog growth is for Navy aircraft, which grows by \$69.6 million. However, Navy reports that the airframe backlog goal of 100 units will be maintained and the engine backlog goal of 250 units will be achieved in FY 2001 as planned. The remaining growth in backlog also occurs in the "other" category that includes missiles, software, and ordnance maintenance. "Other" backlog grows in total by \$59.7 million, most of which is growth in Army missile maintenance backlog. The growth in Army missile maintenance is due to an attempt by Army to fund aircraft, combat vehicles and communication equipment to not less than 80% of requirement and a decision to spread the risk equitably among depot maintenance and other funding priorities.

DEPOT MAINTENANCE

The following table displays funded and financial backlog amounts for depot maintenance.

	FY 1997		FY 1998		FY 1999	
	Funded Program	Estimate Financial Backlog	Funded Program	Estimate Financial Backlog	Funded Program	Estimate Financial Backlog
<u>Army</u>						
Aircraft	858.9	252.7	896.5	295.2	761.2	311.2
Combat Vehicle	188.4	75.0	224.1	44.7	195.4	36.0
Other	202.6	14.6	194.3	56.5	100.4	48.1
	467.9	163.1	478.1	194.0	465.4	227.1
<u>Navy</u>						
Ship*	3,038.6	663.7	3,426.0	687.5	3,599.2	750.0
Aircraft	1,831.4	-	2,023.0	-	2,113.2	-
Other	719.2	252.7	835.7	246.0	857.8	315.6
	488.0	411.0	567.3	441.5	628.2	434.4
<u>Marine Corps</u>						
Combat Vehicle	156.8	118.4	135.8	39.6	81.5	54.6
Other	82.6	12.5	83.3	-	49.4	1.2
	74.2	105.9	52.8	39.6	32.1	53.4
<u>Air Force</u>						
Aircraft	1,575.3	226.1	2,128.0	365.1	2,147.3	392.0
Other	898.8	83.2	1,214.8	113.5	1,313.3	120.4
	676.5	142.9	913.2	251.6	834.0	271.6
<u>Total</u>						
Ship	5,629.6	1,260.9	6,586.3	1,387.4	6,589.2	1,507.8
Aircraft	1,831.4	-	2,023.0	-	2,113.2	-
Combat Vehicle	1,806.4	410.9	2,274.6	404.2	2,366.5	472.0
Other	285.2	27.1	277.6	56.5	149.8	49.3
	1,706.6	822.9	2,011.1	926.7	1,959.7	986.5

* The Navy has funded overall ship depot maintenance at 96% of requirements in FY 1998, and at 91% of requirements in FY 1999. Only unfunded overhauls are counted toward the financial backlog. Other types of unfunded ship depot maintenance are not

DEPOT MAINTENANCE

included in the financial backlog because the maintenance will be deferred to the next scheduled depot maintenance availability or will be accomplished through other means, e.g. at the intermediate maintenance level or by the ship's force, if the capability exists at these lower levels of maintenance, or as an emergent repair at the depot level.

DEPOT MAINTENANCE

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COMMAND, CONTROL, AND COMMUNICATIONS (C³)

	(\$ in Millions)			
	<u>FY 1997 Actual</u>	<u>FY 1998 Estimate</u>	<u>FY 1999 Estimate</u>	<u>98-99 Change</u>
Army	513.0	420.5	412.2	-8.3
Navy	220.7	226.3	224.9	-1.4
Marine Corps	36.1	40.7	39.5	-1.2
Air Force	671.7	649.9	666.7	+16.8
Defense-Wide	558.5	642.5	642.5	-
Army Reserve	67.1	53.4	56.4	+3.0
Navy Reserve	9.9	10.4	10.4	-
Marine Corps Reserve	1.6	1.6	1.4	-0.2
Air Force Reserve	21.1	27.3	33.2	+5.9
Army National Guard	62.0	43.7	39.9	-3.8
Air National Guard	19.2	24.9	25.0	+0.1
Defense Health Program	46.8	45.6	46.7	+1.1
Court of Military Appeals	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>-</u>
Total	2,227.8	2,186.9	2,198.9	+12.0

Command, control and communications (C³) resources provide seamless base-level and worldwide communication networks for voice, data, and imagery traffic of sufficient quality, reliability, and flexibility to ensure responsive support to U.S. forces. This information infrastructure contains communications networks, computers, software, databases, applications, data, security services, and other capabilities that meet the information processing and transport needs of DoD users. The C³ program specifically funds telecommunications systems, leased circuits, and other services necessary for information transfer, messaging operations, and equipment associated with sending and receiving communications transmissions. Additionally, this program funds efforts to integrate command and control systems with communications in order to support the information needs of field commanders. Major categories of C³ resources are explained below.

COMMAND, CONTROL, AND COMMUNICATIONS (C³)

Program Data

(\$ in Millions)

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>98-99</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
GCCS	213.3	227.8	209.4	-18.4
Defense Communication	627.1	583.0	583.4	+0.4
Base Communications	878.8	828.8	831.3	+2.5
Management	171.9	150.5	150.7	+0.2
Information Systems Security	336.7	396.8	424.1	+27.3
Total	2,227.8	2,186.9	2,198.9	+12.0

Global Command and Control System (GCCS): Replaced the Worldwide Military Command and Control System (WWMCCS) in FY 1996 and is an interoperable distributed network of command and control sites. The GCCS enhances the ability of military commanders to control worldwide operations from deployment planning to battlefield execution. This system provides multifunctional shared automated combat support information in a common command and control operating environment through the use of multitiered (e.g., client-server) concepts and distributed computing technology. Increased data throughput capabilities, enhanced ability to transmit and receive imagery, shared high capacity databases, and top to bottom management coordination among the CINCs, Service headquarters, field commands and subordinate units have become essential elements of command and control operations. The GCCS is a vast improvement over the mainframe-based and inflexible WWMCCS network and provides an increased number of users, terminals and capacity. The FY 1999 budget request reflects a total reduction of \$18.4 million and includes an Air Force program increase of \$18.3 million, a Defense Information Systems Agency (DISA) program decrease of \$31.4 million and other Component program decreases totaling \$5.3 million. The Air Force's program increase buys needed technology refreshment and new platforms. The DISA's program decline is explained by reduced civilian personnel salary costs, and a decline in rent and utility costs associated with a facility consolidation.

Defense Communication: Provides voice and data services for all off-post connectivity, worldwide web and other connectivity. Defense communication costs are largely comprised of the Defense Information Systems Network (DISN) costs. The DISN is a combination of DoD-owned and leased telecommunications networks and subsystems comprised of equipment, services, personnel, and facilities under the management control and operational direction of the DISA. The DISN is the DoD's consolidated worldwide enterprise-level telecommunications infrastructure that provides the end-to-end information transfer network for supporting military operations. It provides the transport and routing of voice, circuit switched data, packet switched data, video, and point-to-point bandwidth services for wide area, local area and metropolitan area networks. The FY 1999 budget request reflects a net increase of \$0.4 million above the FY 1998 funded level. The FY 1999 program includes decreases in the Air Force program of \$21.9 million and in the Army program of \$6.2 million due to lower unit transmission and network costs and greater efficiencies from continued

COMMAND, CONTROL, AND COMMUNICATIONS (C³)

transition of dedicated system requirements to the common user of DISN. These program decreases are offset by a \$17.0 million increase in the DISA program and a \$9.2 million increase in the Special Operations Command (SOCOM) program. The DISA's program increase is largely driven by cost of connecting the Standardized Tactical Entry Point facility and the Global Broadcast System terminal facilities to DISN services and implementing of Information Dissemination Management capability within the Pacific Command. SOCOM's program growth is for operating and repair costs of newly delivered special tactics radios.

Base Communications: Include the operation and maintenance of facilities and equipment systems, which provide local communications for installations and activities worldwide. This program funds the administration of communication functions, the operation and maintenance of rapid communication systems, administrative telephones, telephone distribution systems, communication lines, wire equipment, toll calls, operation of message centers, and data networks. While there are some efficiencies achieved between FY 1997 to FY 1998 primarily due streamlining base level communications support; there is no significant program change from FY 1998 to FY 1999. The \$2.5 million change between FY 1998 and FY 1999 is generally due to the migration cost of moving to a common DoD architecture for wide area data communication.

Management: Each of the Services and DISA has management organizations that are devoted to the C³ function. Resources required to provide, operate, and maintain support for these management functions are included here. Management costs decline significantly in FY 1998 as the result of restructuring and force structure reductions. This lower program level is maintained in FY 1999.

Information Systems Security (INFOSEC): Combines both communications security and computer security into a single element, which includes measures and controls to protect an information system against denial of service and unauthorized (accidental or intentional) disclosure, modification, or destruction of the information system or data. Additionally, these funds provide for the equipment, material, policy and procedures required by DoD activities to protect U.S. electromagnetic communications from the intelligence activities of foreign governments. The Department's INFOSEC program represents the actions associated with the transition of the information infrastructure to the DoD Global Security Architecture (DGSA) to provide a secure environment with adequate protection against attack. The advent of increasingly interconnected communications networks and systems has increased requirements for information systems security capabilities. The FY 1999 budget request reflects an increase of \$27.3 million above the FY 1998 level. Continued program increases in FY 1999 reflect increased awareness of the need for computer information protection and for information assurance. Increased funding in FY 1998 and FY 1999 tie directly to the implementation of network security safeguards to protect against unauthorized intrusion into DoD networks.

TRANSPORTATION

	(\$ in Millions)		
	FY 1997	FY 1998	FY 1999
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Army	497.1	502.8	326.0
Navy	137.7	146.1	144.2
Marine Corps	33.2	30.6	29.6
Air Force	203.8	192.5	180.7
Defense-Wide	323.4	363.9	377.0
Army Reserve	0.8	1.4	1.4
Navy Reserve	0.7	0.7	0.7
Marine Corps Reserve	4.0	5.2	4.7
Air Force Reserve	1.3	2.7	1.4
Army National Guard	14.6	16.8	19.8
Air National Guard	<u>8.3</u>	<u>7.8</u>	<u>8.0</u>
Total	1,224.9	1,270.5	1,093.5
			<u>-177.0</u>
			<u>Change</u>
			-176.8
			-1.9
			-1.0
			-11.8
			+13.1
			-
			-
			-0.5
			-1.3
			+3.0
			+0.2
			-177.0

Transportation costs provide for the movement of materiel between contractors' plants, military logistics centers, and field activities on a worldwide basis. The Services and Defense Agencies purchase transportation from both DoD activities in the Defense Working Capital Funds (DWCf) and from commercial sources. Program changes contributing to the Army's reduced transportation costs in FY 1999 result from reduced movement of materiel, the end of the European Retrograde program in FY 1998, and reversal of plan to extend military postal support overseas for the Department of State. The Navy's FY 1999 program change reflects reduced force levels and overseas presence. Reduced requirements for the movements of air munitions and of war reserve material drive the FY 1999 the Air Force program change. The increase in the Defense-Wide activities reflects increased costs of The Joint Staff Exercise Program. Although The Joint Staff reduced exercise man-days consistent with the Quadrennial Defense Review, the complexity of the exercises (more units and equipment) and the locations (farther away) increase the FY 1999 transportation costs. The Air Force Reserve FY 1999 program decreases due to completion of relocations in FY 1998. The Army National Guard FY 1999 program reflects increased requirements.

TRANSPORTATION

First Destination Transportation (FDT)

First Destination Transportation (FDT) amounts support transportation costs associated only with Operation and Maintenance purchased items for delivery directly from the manufacturer. Transportation costs for delivery of procurement funded weapon systems and equipment or supplies and equipment purchased through the Defense Working Capital Fund are not included here. The following table summarizes FDT amounts:

	(\$ in Millions)		
	FY 1997 <u>Actual</u>	FY 1998 <u>Estimate</u>	FY 1999 <u>Estimate</u> <u>Change</u>
<u>Total First Destination Transportation</u>	16.1	16.6	15.8 -0.8
<u>Major Commodity</u>			
<u>Military Supplies and Equipment</u>	16.1	16.6	15.8 -0.8
<u>Mode of Shipment</u>			
<u>Military Commands</u>			
Airlift	12.2	12.5	11.7 -0.8
Sealift	2.8	2.8	2.4 -0.4
Traffic Management	3.6	3.8	2.9 -0.9
	5.8	5.9	6.4 0.5
<u>Commercial</u>			
Air	3.9	4.1	4.1 -
Surface	0.4	0.4	0.4 -
	3.5	3.7	3.7 -

TRANSPORTATION

Second Destination Transportation (SDT)

The SDT provides for the movement of equipment and materiel among and between depots, logistics centers, and field activities including: retrograde cargo; Post Office mail; strategic missiles; support of classified and special programs; spare parts and other cargo by either military airlift and sealift worldwide, commercial surface transportation or commercial air carriers operating daily flights over regular routes within the Continental United States and Alaska; accessorial transportation services such as vessel per diem, retention and demurrage charges; and other cargo. The following table summarizes SDT amounts:

	(\$ in Millions)		
	FY 1997 <u>Actual</u>	FY 1998 <u>Estimate</u>	FY 1999 <u>Estimate</u> <u>Change</u>
<u>Total Second Destination Transportation</u>	1,208.5	1,254.0	1,077.7 -176.3
<u>Major Commodity</u>			
<u>Military Supplies and Equipment</u>			
Military Supplies	816.9	857.7	759.9 -97.8
Mail Overseas	163.3	185.2	177.7 -7.5
Subsistence	19.1	16.7	10.6 -6.1
Base Exchanges	209.5	194.4	129.5 -64.9
<u>Mode of Shipment</u>			
<u>Military Commands</u>			
Airlift	965.7	938.7	803.2 -135.5
Sealift	436.4	435.4	425.0 -10.4
Traffic Management	349.8	332.6	212.5 -120.1
	179.5	170.7	165.7 -5.0
<u>Commercial</u>			
Air	243.1	315.2	274.5 -40.7
Surface	115.6	137.2	125.1 -12.1
	127.5	178.0	149.4 -28.6

BASE OPERATIONS SUPPORT

	(\$ in Millions)			98-99 Change
	FY 1997 Actual	FY 1998 Estimate	FY 1999 Estimate	
Army	4,809.0	4,109.0	4,067.0	-42.0
Navy	2,734.0	2,809.0	2,883.0	+74.0
Marine Corps	756.8	809.6	825.1	+15.5
Air Force	2,880.6	2,766.9	2,901.1	+134.2
Defense-Wide	26.8	28.0	27.6	-0.4
Army Reserve	177.0	256.5	250.1	-6.4
Navy Reserve	173.7	163.2	165.9	+2.7
Marine Corps Reserve	18.1	19.4	18.2	-1.2
Air Force Reserve	149.7	140.5	143.0	+2.5
Army National Guard	146.7	166.8	179.5	+12.7
Air National Guard	241.1	252.2	251.1	-1.1
Defense Health Program	<u>301.6</u>	<u>303.4</u>	<u>312.9</u>	<u>+9.5</u>
Total	12,415.1	11,824.5	12,024.5	+199.6

Base operations support (BOS) provides the resources to operate the bases, installations, camps, posts, and stations of the Military Departments. These resources sustain mission capability, quality-of-life, and work force productivity and primarily provide personnel and infrastructure support. Personnel support includes food and housing services for unaccompanied and deployed forces; religious services and programs; payroll support; personnel management; and morale, welfare, and recreation services to military members and their families. Infrastructure support includes utility systems operations; installation equipment maintenance; engineering services including fire protection, crash rescue, custodial, refuse collection, snow removal, and lease of real property; security protection, and law enforcement; and transportation motor pool operations.

BASE OPERATIONS SUPPORT

Program Data

Installations Summary: The total number of installations in the United States and overseas remains constant from FY 1998 to FY 1999 and reflects the Department's actions to size the infrastructure to meet the force structure reductions and implement the approved recommendations of the Base Realignment and Closure (BRAC) Commission. Changes will occur in FY 1999 within the Military Services as Naval bases and installations are closed consistent with BRAC decisions and Air Force bases are transferred from research and development base support funding to operation and maintenance funding.

Number of Installations	FY 1997 <u>Actual</u>	FY 1998 <u>Estimate</u>	FY 1999 <u>Estimate</u>	98-99 <u>Change</u>
<u>Active Forces</u>				
CONUS	244	236	236	-
Overseas	<u>163</u>	<u>162</u>	<u>162</u>	-
Total	407	398	398	-

Disposition of Active Forces Installations

CONUS

Bases Closed - Navy

FY 1998-1999 Change

-3

Naval Air Warfare Center Indianapolis, IN

Fleet Industrial Supply Center Oakland, CA

Naval Aviation Engineering Support Unit Philadelphia, PA

Bases Transferred - Air Force
(from RDT&E to O&M)

+3

Eglin Air Force Base, FL

Edwards Air Force Base, CA

Arnold Engineering Center, TN

BASE OPERATIONS SUPPORT

BASE OPERATIONS SUPPORT

Personnel Summary: Military and civilian personnel assigned to base support activities continue to decline. These decreases are commensurate with base closures and realignments, infrastructure reductions, and privatization and outsourcing initiatives.

	FY 1997	FY 1998	FY 1999	98-99
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
Personnel				
Military (End Strength)	126,069	115,694	114,205	-1,489
Civilian(Full-Time Equivalents)	112,550	105,906	102,211	-3,695

Army

	FY 1997	FY 1998	FY 1999	98-99
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
Active				
Funding (\$ in Millions)	4,809.0	4,109.0	4,067.0	-42.0
Installations				
CONUS	67	64	64	-
Overseas	120	120	120	-
Personnel				
Military	14,925	11,598	11,265	-333
Civilian	43,390	39,439	36,772	-2,667

The FY 1999 budget request declines \$42.0 million from the FY 1998 funding level. This net decrease includes a foreign currency reduction of \$69.0 million, price growth of \$95.0 million, an increase of \$74.0 million in functional transfers and resource realignments, program increases of \$126.0 million, and program reductions of \$268.0 million. Major program changes include increases for quality-of-life programs (\$32.0 million) to outfit renovated and newly constructed barracks, replace worn-out physical fitness equipment, and increase support for youth programs and child care; contract services for additional security guards (\$31.0 million) for force protection and counterterrorism in the European theater, and troop relocation and facility turnover activities (\$48.0 million) to support implementation of the Panama Canal Treaty. Program reductions are primarily associated with decreased requirements for the environmental program (\$42.0 million) as the Underground Storage Tank Improvement Program nears completion; efficiencies and savings (\$48.0 million) resulting from outsourcing and privatization efforts; and infrastructure affordability reductions (\$178.0 million) as the base support program is balanced to meet overall Army priorities.

BASE OPERATIONS SUPPORT

Navy

<u>Active</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>98-99</u>
<u>Funding (\$ in Millions)</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
Installations	2,734.0	2,809.0	2,883.0	+74.0
CONUS	86	81	78	-3
Overseas	27	26	26	-
Personnel				
Military	27,980	24,141	21,532	-2,609
Civilian	23,525	23,757	22,811	-946

The FY 1999 budget request reflects a net increase of \$74.0 million from the FY 1998 funding level. This net increase includes price growth of \$32.0 million and net program increases of \$42.0 million. Major program changes are attributed to the leveling off of base closures, the investments necessary for outsourcing initiatives, and increased requirements to ensure the shore infrastructure program is maintained at acceptable service levels. Specific program adjustments include a reduction in environmental requirements (\$62.0 million) associated with completion of environmental compliance projects; an increase in morale, welfare and recreation programs (\$31.0 million) for child care and family support services; an increase in the operations of bachelor quarters (\$16.0 million) for improving the quality of life for military members; and an increase in various other base support programs (\$89.0 million) such as new waterfront services at Norfolk Naval Shipyard to accommodate ship berthing overflow from nearby Naval Station Norfolk, relocation costs for Naval Operations in Naples as part of the Naples Improvement Initiative, extension of operations at Naval Air Station Cecil Field pending delayed BRAC closure, and caretaker costs of buildings at Naval Depot Norfolk

Marine Corps

<u>Active</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>98-99</u>
<u>Funding (\$ in Millions)</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
Installations	756.8	809.6	825.1	+15.5
CONUS	18	19	19	-
Overseas	3	3	3	-
Personnel				
Military	12,291	13,437	13,457	+20
Civilian	7,475	8,007	7,910	-97

BASE OPERATIONS SUPPORT

BASE OPERATIONS SUPPORT

The FY 1999 budget request reflects an increase of \$15.5 million from the FY 1998 funding level. This net increase includes \$9.5 million for price growth and \$6.0 million for net program increases. Program changes include increases for firefighter compensation (\$2.8 million), operational closure support for Marine Corps Air Stations El Toro and Tustin (\$3.6 million), privatization and outsourcing studies (\$5.7 million), range equipment maintenance (\$2.3 million), and mobile equipment maintenance (\$5.2 million). These increases are offset by program reductions for personnel support equipment (\$6.4 million), collateral equipment purchases (\$4.9 million), and transfer of personnel resources to the Army and Air Force for the Interservice Training Review Organization (\$2.3 million).

Air Force

<u>Active</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>98-99</u>
Funding (\$ in Millions)	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
Installations	2,880.6	2,766.9	2,901.1	+134.2
CONUS	64	64	67	+3
Overseas	13	13	13	-
Personnel				
Military	63,304	59,121	60,538	+1,417
Civilian	30,225	26,024	26,358	+334

The FY 1999 budget request reflects an increase of \$134.2 million from the FY 1998 funding level. This increase includes \$56.3 million for price growth, \$126.5 million for net transfer increases, and \$48.6 million for program reductions. Transfers into the base operations account include \$108.9 million from the Research, Development, Test, and Evaluation appropriation for previously funded research and development base support and \$28.0 million from the Defensewide appropriation for the Air Force portion of the Pentagon Reservation Maintenance Revolving Fund. In addition, \$10.4 million was transferred from base support for the realignment of civilian permanent change of station costs into a central account. Major program changes include a reduction of \$48.6 million in estimated savings resulting from increased competition and expanded employee/private sector participation.

REAL PROPERTY MAINTENANCE

	(\$ in Millions)			
	FY 1997	FY 1998	FY 1999	FY 98-99
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
Army	1,124.9	1,103.3	1,093.1	-10.2
Navy	893.7	787.7	877.3	+89.6
Marine Corps	326.4	319.5	337.9	+18.4
Air Force	1,265.0	1,199.0	1,270.0	+71.0
Defense-Wide	733.8	516.4	167.2	-349.2
Defense Health Program (DHP)	421.4	356.3	362.1	+5.8
Army Reserve	70.0	90.2	61.1	-29.1
Navy Reserve	48.5	57.3	41.2	-16.1
Marine Corps Reserve	5.6	6.9	7.0	+0.1
Air Force Reserve	46.2	59.8	60.9	+1.1
Army National Guard	50.8	135.6	90.8	-44.8
Air National Guard	<u>79.4</u>	<u>77.9</u>	<u>82.6</u>	<u>+4.7</u>
Total	5,065.7	4,709.9	4,451.2	-258.7

The Real Property Maintenance (RPM) program provides funding to maintain and repair buildings, structures, warehouses, roadways, runways, aprons, railway tracks, utility plants, and distribution systems. It also includes funding for minor construction which provides for the erection, installation, or assembly of new facilities and for the expansion, alteration, or conversion of existing facilities when the costs of such efforts by project do not exceed \$500 thousand. The funds depicted above do not include amounts financed through the Working Capital Funds for repair and maintenance of the Fund activities. Costs of military personnel assigned to RPM activities are also excluded, as are RPM requirements funded in the RDT&E and Military Construction accounts. The FY 1998 program reflects \$360 million of congressional adds for quality-of-life enhancements including maintenance and repair of barracks, work places, and other quality-of-life facilities. The FY 1999 O&M RPM request reflects a constant level of funding consistent with prior year levels when Congressional adds are factored out.

The following data provides details on O&M funding levels for Maintenance and Repair and Minor Construction and on the personnel end strength associated with these efforts.

REAL PROPERTY MAINTENANCE

MAINTENANCE AND REPAIR OF REAL PROPERTY (MRP)

	(\$ in Millions)			
	FY 1997	FY 1998	FY 1999	FY 98-99
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
Army	1,002.8	1,055.2	1,022.0	-33.2
Navy	859.9	761.6	849.2	+87.6
Marine Corps	301.4	297.5	311.9	+14.4
Air Force	1,219.0	1,164.0	1,225.0	+61.0
Defense-Wide	715.9	498.3	148.7	-349.6
Defense Health Program (DHP)	366.1	314.9	320.1	+5.2
Army Reserve	65.7	84.4	54.2	-30.2
Navy Reserve	46.8	53.6	38.3	-15.3
Marine Corps Reserve	4.3	5.4	5.3	-0.1
Air Force Reserve	38.8	54.4	55.4	+1.0
Army National Guard	40.6	122.2	85.0	-37.2
Air National Guard	<u>55.5</u>	<u>55.9</u>	<u>55.9</u>	<u>-</u>
Total	4,716.8	4,467.4	4,171.0	-296.4

REAL PROPERTY MAINTENANCE

MINOR CONSTRUCTION

	(\$ in Millions)		
	FY 1997	FY 1998	FY 1999
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
			<u>Change</u>
Army	122.1	48.1	71.1
Navy	33.8	26.1	28.1
Marine Corps	25.0	22.0	26.0
Air Force	46.0	35.0	45.0
Defense-Wide	17.9	18.1	18.5
Defense Health Program (DHP)	55.3	41.4	42.0
Army Reserve	4.3	5.8	6.9
Navy Reserve	1.7	3.7	2.9
Marine Corps Reserve	1.3	1.5	1.7
Air Force Reserve	7.4	5.4	5.5
Army National Guard	10.2	13.4	5.8
Air National Guard	<u>23.9</u>	<u>22.0</u>	<u>26.7</u>
Total	348.9	242.5	280.2
			+37.7

(FULL-TIME EQUIVALENTS)

<u>Personnel Data</u>			
Civilian	27,724	22,939	21,968
Military	11,371	11,638	10,943
			-971
			-695

REAL PROPERTY MAINTENANCE

REAL PROPERTY MAINTENANCE

BACKLOG OF MAINTENANCE AND REPAIR (BMAR)

	(\$ in Millions)		
	FY 1997	FY 1998	FY 1999
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Army*	DNA	DNA	DNA
Navy	2,404.9	2,677.9	2,983.7
Marine Corps	684.0	743.0	814.0
Air Force	2,667.0	3,099.0	3,903
Defense-Wide	197.2	197.3	203.8
Defense Health Program (DHP)	675.3	817.1	956.4
Army Reserve	211.3	269.1	360.5
Navy Reserve	148.9	126.5	148.9
Marine Corps Reserve	2.5	7.6	7.6
Air Force Reserve	200.2	184.5	171.7
Army National Guard	340.3	365.4	453.0
Air National Guard	<u>564.1</u>	<u>594.8</u>	<u>642.9</u>
Total	8,095.7	9,082.2	10,645.5
			<u>1,563.3</u>
			<u>Change</u>
			N/A
			+305.8
			+71.0
			+804
			+6.5
			+139.3
			+91.4
			+22.4
			-
			-12.8
			+87.6
			<u>+48.1</u>

BMAR

The BMAR is at an all time high and represents unconstrained, unvalidated estimates. Despite a congressional add of \$360 million in FY 1998, the Components still estimate an 18 percent increase in the BMAR for FY 1999. The Services attribute the growth in backlog to decisions to forego maintenance and repair projects due to the acceleration in the downsizing of the force and a lag in the consolidation and closure of infrastructure.

*DNA (Data Not Available). The Army no longer collects BMAR data. They use the Installation Status Report to provide the estimated cost to improve facilities from current conditions to quality, fully mission ready facilities. The Army projects that it will require \$31.8 billion to improve its overall rating for facilities from C-3 to C-1 (fully mission ready).

REAL PROPERTY MAINTENANCE

REAL PROPERTY MAINTENANCE

Army

The Army is requesting \$1,093.1 million in FY 1999 for RPM in the O&M appropriation. These funds reflect a net decrease of \$10.2 million from the FY 1998 funding level (\$1.0 million decrease in price growth associated with foreign currency rate changes and \$9.2 million program decrease). The program decrease is due to a congressional add in FY 1998 that provided additional funding for quality-of-life facilities.

Navy

The Navy is requesting \$877.3 million in FY 1999 for RPM in the O&M appropriations. These funds reflect a net increase of \$89.6 million from the FY 1998 funding level (\$12.0 million in price growth and \$77.6 million in program growth). The program increase reflects support for Navy moves in Naples, Italy, transfer of the Pear Harbor shipyard into the O&M accounts, and new projects offsetting a program decrease in FY 1998 to help reduce the growth in backlog.

Marine Corps

The Marine Corps is requesting \$337.9 million in FY 1999 for RPM in the O&M appropriation. These funds reflect a net increase of \$18.4 million from the FY 1998 funding level (\$5.2 million in price growth and \$13.2 million in program growth). The program increase provides maintenance and repair to reduce the backlog of maintenance associated with barracks and to slow the growth of the regular maintenance backlog.

Air Force

The Air Force is requesting \$1,270.0 million in FY 1999 for RPM in O&M appropriations. These funds reflect a net increase of \$71.0 million from the FY 1998 funding level (\$15.0 million in price growth and \$56.0 million in program growth). The program increase reflects \$15.0 million for facility disposal; a \$58.0 million realignment from the RDT&E appropriation to the O&M appropriation for RPM funding requirements for Eglin, Edwards, and Arnold Air Force Test bases; and an \$8.0 million transfer into RPM for contracts associated with out-sourcing/privatization efforts. These increases are offset by a decrease of \$25 million in other RPM funding associated with a congressional add in FY 1998.

Defense-Wide

Defense-Wide activities are requesting \$167.2 million in FY 1999 for RPM in the O&M appropriation. These funds reflect a net decrease of \$349.2 million from FY 1998 funding level, which reflects a Congressional add of \$360 million for military housing and barracks. The program in FY 1999 reflects a constant level of funding and is consistent with prior year levels. The funds will be used primarily for replacement of heating and air conditioning units, plumbing, electrical systems and other mechanical equipment because of their age and condition.

REAL PROPERTY MAINTENANCE

Defense Health Program (DHP)

The DHP is requesting \$362.1 million in FY 1999 for RPM in the O&M appropriation. These funds reflect a net increase of \$5.8 million from the FY 1998 funding level (\$5.7 million price growth and \$0.1 million program growth). The program increase reflects funding for higher priority direct patient care.

Guard and Reserve Forces

The Guard and Reserve Forces are requesting \$343.6 million in FY 1999. The FY 1999 estimate reflects a net decrease of \$ 84.1 million from the FY 1998 funding level (\$6.8 million price growth and a \$90.9 million program reduction). The program decrease from FY 1998 to FY 1999 primarily reflects reduced requirements resulting from base realignments and closures.

ENVIRONMENTAL PROGRAMS

(\$ in Millions)

<u>All DoD Appropriations</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>98-99</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
Environmental Restoration	1,311.1	1,296.9	1,259.4	-37.5
Environmental Compliance	1,919.4	2,051.3	1,888.6	-162.7
Environmental Conservation	108.1	103.3	108.1	+4.8
Pollution Prevention	244.2	278.3	254.2	-24.1
Environmental Technology	222.7	212.8	172.6	-40.2
Base Realignment & Closure (BRAC)	<u>671.7</u>	<u>832.8</u>	<u>672.2</u>	<u>-160.6</u>
Total Environmental Program	<u>4,477.2</u>	<u>4,775.4</u>	<u>4,355.1</u>	<u>-420.3</u>

Environmental Restoration funds are used for remediating past contamination on current and former DoD installations. Compliance resources are required for ongoing environmental activities such as permitting, licensing, and other actions necessary to remain in compliance with all environmental laws. Conservation investments reflect DoD's look to the future to protect our natural and cultural resources. Pollution Prevention funds activities designed to prevent or reduce pollution at the source. Investment in environmental technology supports the Department by matching technology developments with high payback to DoD environmental needs. Base Realignment and Closure (BRAC) accounts finance both environmental restoration and compliance programs for bases to be closed. Each of these program areas is addressed below.

Environmental Restoration

The DoD Environmental Restoration appropriations provide for the identification, investigation, and cleanup of past contamination from hazardous substances and wastes; correction of other environmental damage; detection of unexploded ordnances; and demolition and removal of unsafe buildings, structures, and debris. In FY 1984, the Congress established the Environmental Restoration, Defense (ER,D) appropriation to provide increased emphasis and visibility of expanded environmental restoration efforts on both active installations and formerly used lands. In FY 1986, the Congress provided the Department with the authority to transfer funds from the central ER,D appropriation to the various Defense appropriations to finance environmental restoration efforts. In FY 1996, DoD began a relative risk approach to environmental cleanup. This process enables the Department to prioritize cleanup activities that pose the greatest danger to the health and safety of the environment and public in the context of regulatory agreements. In FY 1997, five separate environmental restoration transfer accounts were established; one for each Military Department, one for the Defense

ENVIRONMENTAL PROGRAMS

Agencies, and one for Formerly Used Defense Sites (FUDS). These accounts cover all the functions formerly funded within the single centralized ER,D appropriation.

Between FY 1998 and FY 1999, this program declines by \$37.5 million, reflecting programmatic reductions of \$58.3 million and price growth of \$20.8 million. The program decrease results from a FY 1998 congressional increase to the FUDS account that is not continued into FY 1999.

Environmental Compliance

The FY 1999 compliance program, funded in various Components appropriations, includes sufficient resources to enable the Department to comply with increasing requirements attributed to accelerated state enforcement and the enactment of additional laws by state and local governments regulating environmental effects from day-to-day operations. Environmental Compliance projects include waste water treatment plants to comply with Clean Water Act standards; hazardous waste management, testing and remediation of underground storage tanks, and monitoring waste water treatment systems. In FY 1999, the environmental compliance program decreases by \$162.7 million. This decline reflects programmatic decreases of \$195.5 million and price growth of \$32.8 million. The program decrease results from reduced requirements associated with underground storage tanks (USTs) and Clean Water Act projects. Noteworthy; the program to upgrade USTs will be completed by the December 1998 deadline.

Environmental Conservation

The Department of Defense is the steward of nearly 25 million acres of public lands. The DoD has a responsibility to protect, maintain, and enhance the natural and cultural resources found on them. Through the conservation program, biological and cultural resources are managed to help support the military mission. Additionally, conservation activities are required by law (e.g., Endangered Species Act and National Historic Preservation Act) and must be funded. In FY 1999, the Environmental Conservation program increases by \$4.8 million, which reflects program growth of \$3.2 million and a price growth of \$1.6 million. The program increase is due to increased efforts to inventory existing resources.

ENVIRONMENTAL PROGRAMS

Pollution Prevention

The FY 1999 Pollution Prevention program targets the reduction of hazardous material, solid waste, toxic releases, air emissions, and water pollution at the source. The funding requested for FY 1999 will support these efforts, as well as implementation of Executive Orders 12856, "Federal Compliance with Right-to-Know Laws and Pollution Prevention Requirements," and Executive Order 12873, "Federal Acquisition, Recycling, and Waste Prevention." In FY 1999, the Pollution Prevention program decreases by \$24.1 million. This reflects a price increase of \$4.5 million and a program decrease of \$28.6 million. The program decrease reflects reduced requirements to replace ozone-depleting chemicals.

Environmental Technology

Technology development is important to meet DoD-unique environmental needs with programs that yield quick results and have high payoffs, including accelerating the development and deployment of technologies that address issues such as shipboard discharges or remediation of soil, surface, and ground water contamination from explosives. The FY 1999 request allows DoD to continue environmental research, development, test, demonstration, and validation activities to provide technologies that result in direct operational savings, mitigate future liabilities, and permit the Department to meet its environmental obligations more cost-effectively. In FY 1999, the Environmental Technology program decreases from \$212.8 million to \$172.6 million, a reduction of \$40.2 million. This reflects a price increase of \$3.4 million and a program decrease of \$43.6 million. This decrease results from completion of FY 1998 congressional additions to environmental technology funding.

Base Realignment and Closure (BRAC)

The DoD is striving to complete scheduled base closures as rapidly as possible. This approach will enable the Department to realize potential savings and make property available to local communities quicker. However, to close these bases, environmental restoration and compliance work must be completed. In FY 1999, the funding for environmental efforts in the BRAC account decreases by \$160.6 million, which reflects the completion of environmental projects associated with the first two BRAC rounds (FY 1991 & FY 1993).

ENVIRONMENTAL PROGRAMS

ENVIRONMENTAL RESTORATION 1/

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Estimate	98-99 Change
Cleanup				
Army	220.8	269.8	299.0	+29.25
Navy	178.8	176.1	195.4	+19.3
Air Force	263.8	243.5	272.4	+28.9
Formerly Used Defense Sites	153.7	145.0	124.3	-20.7
Defense-Wide	28.0	22.4	21.4	-1.0
Subtotal	845.1	856.8	912.5	+55.7

Investigations and Analysis

Army	74.6	63.3	36.2	-27.1
Navy	70.3	65.1	52.1	-13.0
Air Force	75.2	78.6	57.9	-20.7
Formerly Used Defense Sites	81.9	74.3	47.1	-27.2
Defense-Wide	4.3	0.0	0.1	+0.1
Subtotal	306.3	281.3	193.4	-87.9

Program Oversight

Army	43.0	42.2	42.5	+0.3
Navy	37.9	34.3	34.1	-0.2
Air Force	52.7	54.8	48.7	-6.1
Formerly Used Defense Sites	20.3	23.0	23.5	+0.5
Defense-Wide	5.8	4.5	4.7	+0.2
Subtotal	159.7	158.8	153.5	-5.3

Total

Army	338.5	375.3	377.6	+2.3
Navy	287.1	275.5	281.6	+6.1
Air Force	391.6	376.9	379.1	+2.2
Formerly Used Defense Sites	255.9	242.3	195.0	-47.3
Defense-Wide	38.0	26.9	26.1	-0.8
Total Environmental Restoration	1,311.1	1,296.9	1,259.4	-37.5

1/ Amounts have been normalized to exclude transfers to executing Component accounts; totals may not add due to rounding.

ENVIRONMENTAL PROGRAMS

ENVIRONMENTAL COMPLIANCE

Army

Operation & Maintenance, Army
 Operation & Maintenance, Army Reserve
 Operation & Maintenance, Army NG
 RDT&E, Army
 Reserve Personnel, Army
 Procurement of Ammunition, Army
 Military Construction, Army
 Family Housing, Army
 DoD Working Capital Fund
 Total Army

Navy

Operation & Maintenance, Navy
 Operation & Maintenance, Navy Reserve
 RDT&E, Navy
 Other Procurement, Navy
 Military Construction, Navy
 DoD Working Capital Fund
 Kaho'olawe Compliance Program
 Total Navy

Marine Corps

Operation & Maintenance, Marine Corps
 Operation & Maintenance, MC Reserves
 Total Marine Corps

	(\$ in Millions)			
	FY 1997	FY 1998	FY 1999	98-99
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
Operation & Maintenance, Army	362.3	365.8	318.1	-47.7
Operation & Maintenance, Army Reserve	33.5	27.7	23.5	-4.2
Operation & Maintenance, Army NG	49.3	87.3	81.5	-5.8
RDT&E, Army	53.0	56.8	44.4	-12.4
Reserve Personnel, Army	1.1	1.2	1.1	-0.1
Procurement of Ammunition, Army	28.5	31.1	23.2	-7.9
Military Construction, Army	2.0	7.4	2.0	-5.4
Family Housing, Army	4.5	10.1	4.1	-6.0
DoD Working Capital Fund	<u>31.0</u>	<u>29.0</u>	<u>29.0</u>	<u>0.0</u>
Total Army	565.2	616.4	526.9	-89.5
<u>Navy</u>				
Operation & Maintenance, Navy	270.4	302.3	258.5	-43.8
Operation & Maintenance, Navy Reserve	11.5	9.2	7.2	-2.0
RDT&E, Navy	7.7	6.4	4.9	-1.5
Other Procurement, Navy	134.3	132.9	157.1	+24.2
Military Construction, Navy	33.9	34.5	41.3	+6.8
DoD Working Capital Fund	146.0	152.6	141.3	-11.3
Kaho'olawe Compliance Program	<u>10.0</u>	<u>35.0</u>	<u>15.0</u>	<u>-20.0</u>
Total Navy	613.8	672.9	625.3	-47.6
<u>Marine Corps</u>				
Operation & Maintenance, Marine Corps	124.7	111.8	106.0	-5.8
Operation & Maintenance, MC Reserves	<u>0.9</u>	<u>3.0</u>	<u>3.6</u>	<u>+0.6</u>
Total Marine Corps	125.6	114.8	109.6	-5.2

ENVIRONMENTAL PROGRAMS

ENVIRONMENTAL PROGRAMS

ENVIRONMENTAL COMPLIANCE

Air Force	(\$ in Millions)			Change
	FY 1997 Actual	FY 1998 Estimate	FY 1999 Estimate	
Operation & Maintenance, Air Force	245.5	264.6	295.2	+30.6
Operation & Maintenance, AF Reserve	13.2	14.9	17.1	+2.2
Operation & Maintenance, Air NG	16.6	16.3	15.1	-1.2
Aircraft Procurement, Air Force	12.5	16.4	9.8	-6.6
Missile Procurement, Air Force	0.9	0.5	0.5	0.0
RDT&E, Air Force	31.8	23.1	0.0	-23.1
Military Personnel, Air Force	18.8	19.2	19.2	0.0
Military Personnel, Air National Guard	0.6	0.9	1.0	+0.1
Military Construction, Air Force	31.9	31.9	12.4	-19.5
Military Construction, Air Force Reserve	6.8	3.4	0.0	-3.4
Military Construction, Air National Guard	13.3	12.3	4.7	-7.6
DoD Working Capital Fund	33.4	26.5	26.6	+0.1
Total Air Force	425.3	430.0	401.6	-28.4
<u>Defense-Wide</u>				
Operation & Maintenance, Defense-Wide	36.3	35.4	37.3	+1.9
Native American Lands Mitigation	8.0	8.0	0.0	-8.0
Arctic Military Cooperation Program	0.0	5.0	5.5	+0.5
Procurement, Defense-Wide	0.3	0.3	0.3	0.0
Military Construction	0.0	11.3	32.1	+20.8
DoD Working Capital Fund	144.9	157.2	150.0	-7.2
Total Defense-Wide	189.5	217.2	225.2	+8.0
<u>Total</u>				
Army	565.2	616.4	526.9	-89.5
Navy	613.8	672.9	625.3	-47.6
Marine Corps	125.6	114.8	109.6	-5.2
Air Force	425.3	430.0	401.6	-28.4
Defense-Wide	189.5	217.2	225.2	+8.0
Total Environmental Compliance	1,919.4	2,051.3	1,888.6	-162.7

ENVIRONMENTAL PROGRAMS

ENVIRONMENTAL PROGRAMS

ENVIRONMENTAL CONSERVATION

Army

Operation & Maintenance, Army
 Operation & Maintenance, Army Reserve
 Operation & Maintenance, Army NG
 RDT&E, Army
 Total Army

Navy

Operation & Maintenance, Navy
 Operation & Maintenance, Navy Reserve
 RDT&E, Navy
 DoD Working Capital Fund
 Total Navy

Marine Corps

Operations & Maintenance, Marine Corps
 Operations & Maintenance, M.C. Reserves
 Total Marine Corps

Air Force

Operation & Maintenance, Air Force
 Operation & Maintenance, AF Reserve
 Operation & Maintenance, Air NG
 RDT&E, Air Force
 Total Air Force

Defense-Wide

O & M, Defense-Wide (Includes Legacy)
 DoD Working Capital Fund
 Total Defense-Wide

Total

Army

Navy

Marine Corps

Air Force

Defense-Wide

Total Environmental Conservation

	(\$ in Millions)			
	FY 1997	FY 1998	FY 1999	98-99
	Actual	Estimate	Estimate	Change
Army				
Operation & Maintenance, Army	46.4	38.4	45.9	+7.5
Operation & Maintenance, Army Reserve	2.1	0.7	0.6	-0.1
Operation & Maintenance, Army NG	3.7	8.9	4.3	-4.6
RDT&E, Army	1.9	1.7	3.2	+1.5
Total Army	54.1	49.7	54.0	+4.3
Navy				
Operation & Maintenance, Navy	11.8	13.9	12.9	-1.0
Operation & Maintenance, Navy Reserve	0.4	0.2	0.1	-0.1
RDT&E, Navy	0.4	0.3	0.6	+0.3
DoD Working Capital Fund	2.7	2.6	2.8	+0.2
Total Navy	15.3	17.0	16.4	-0.6
Marine Corps				
Operations & Maintenance, Marine Corps	1.4	4.3	4.8	+0.5
Operations & Maintenance, M.C. Reserves	0.1	0.7	0.3	-0.4
Total Marine Corps	1.5	5.0	5.1	+0.1
Air Force				
Operation & Maintenance, Air Force	19.6	11.1	28.4	+17.3
Operation & Maintenance, AF Reserve	0.1	0.0	0.1	+0.1
Operation & Maintenance, Air NG	1.1	0.9	1.0	+0.1
RDT&E, Air Force	5.3	6.2	0.0	-6.2
Total Air Force	26.1	18.2	29.5	+11.3
Defense-Wide				
O & M, Defense-Wide (Includes Legacy)	11.0	13.1	3.0	-10.1
DoD Working Capital Fund	0.1	0.3	0.1	-0.2
Total Defense-Wide	11.1	13.4	3.1	-10.3
Total				
Army	54.1	49.7	54.0	+4.3
Navy	15.3	17.0	16.4	-0.6
Marine Corps	1.5	5.0	5.1	+0.1
Air Force	26.1	18.2	29.5	+11.3
Defense-Wide	11.1	13.4	3.1	-10.3
Total Environmental Conservation	108.1	103.3	108.1	+4.8

ENVIRONMENTAL PROGRAMS

ENVIRONMENTAL PROGRAMS

POLLUTION PREVENTION

Army

Operation & Maintenance, Army
 Operation & Maintenance, Army Reserve
 Operation & Maintenance, Army NG
 RDT&E, Army
 Aircraft Procurement, Army
 Weapons & Tracked Vehicles, Army
 DoD Working Capital Fund
 Total Army

Navy

Operation & Maintenance, Navy
 Operation & Maintenance, Navy Reserve
 RDT&E, Navy
 Other Procurement, Navy
 Military Construction, Navy
 DoD Working Capital Fund
 Total Navy

Marine Corps

Operation & Maintenance, Marine Corps
 Operation & Maintenance, M.C. Reserves
 Total Marine Corps

(\$ in Millions)

	FY 1997 <u>Actual</u>	FY 1998 <u>Estimate</u>	FY 1999 <u>Estimate</u>	98-99 <u>Change</u>
	51.3	37.3	43.0	+5.7
	0.2	0.3	1.1	+0.8
	5.3	7.0	4.5	-2.5
	13.2	5.0	8.5	+3.5
	3.8	14.8	9.4	-5.4
	2.5	27.9	6.9	-21.0
	<u>2.6</u>	<u>1.8</u>	<u>2.0</u>	<u>+0.2</u>
	78.9	94.1	75.4	-18.7
	40.5	60.8	45.7	-15.1
	1.9	0.6	0.5	-0.1
	0.0	2.8	0.0	-2.8
	19.7	18.1	20.6	+2.5
	0.3	0.4	0.4	+0.0
	<u>17.6</u>	<u>17.5</u>	<u>15.2</u>	<u>-2.3</u>
	80.0	100.2	82.4	-17.8
	13.6	21.7	28.4	+6.7
	<u>1.8</u>	<u>1.9</u>	<u>2.0</u>	<u>+0.1</u>
	15.4	23.6	30.4	+6.8

ENVIRONMENTAL PROGRAMS

POLLUTION PREVENTION

Air Force

Operation & Maintenance, Air Force
 Operation & Maintenance, AF Reserve
 Operation & Maintenance, Air NG
 Aircraft Procurement, Air Force
 Missile Procurement, Air Force
 RDT&E, Air Force
 Other Procurement, Air Force
 Total Air Force

Defense-Wide

Operation & Maintenance, Defense-Wide
 Procurement, Defense-Wide
 DoD Working Capital Fund
 Total Defense-Wide

Total

Army
 Navy
 Marine Corps
 Air Force
 Defense-Wide
 Total Pollution Prevention

	(\$ in Millions)			
	FY 1997	FY 1998	FY 1999	98-99
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
	35.0	30.8	47.5	+16.7
	3.1	2.4	2.6	+0.2
	3.4	3.1	3.0	-0.1
	7.6	3.8	1.9	-1.9
	0.6	0.4	0.4	0.0
	14.9	7.4	1.7	-5.7
	<u>0.9</u>	<u>1.0</u>	<u>1.0</u>	<u>0.0</u>
	65.5	48.9	58.1	+9.2
	1.6	2.3	1.9	-0.4
	0.1	0.1	0.1	0.0
	<u>2.7</u>	<u>9.1</u>	<u>5.9</u>	<u>-3.2</u>
	4.4	11.5	7.9	-3.6
	78.9	94.1	75.4	-18.7
	80.0	100.2	82.4	-17.8
	15.4	23.6	30.4	+6.8
	65.5	48.9	58.1	+9.2
	<u>4.4</u>	<u>11.5</u>	<u>7.9</u>	<u>-3.6</u>
	244.2	278.3	254.2	-24.1

ENVIRONMENTAL PROGRAMS

ENVIRONMENTAL TECHNOLOGY

Army	FY 1997		FY 1998		FY 1999		98-99 Change
	Actual		Estimate		Estimate		
RDT&E, Army	61.5		67.2		24.7		-42.5
Total Army	61.5		67.2		24.7		-42.5
<u>Navy</u>							
RDT&E, Navy	57.9		62.5		67.4		+4.9
Total Navy	57.9		62.5		67.4		+4.9
<u>Air Force</u>							
RDT&E, Air Force	17.7		8.0		6.5		-1.5
Total Air Force	17.7		8.0		6.5		-1.5
<u>Defense-Wide</u>							
Defense Advanced Research Projects Agency	9.7		3.4		2.5		-0.9
Env Security Tech Certification Program	21.0		14.6		17.1		+2.5
Strat. Environ. R&D Program	54.9		57.1		54.4		-2.7
Total Defense-Wide	85.6		75.1		74.0		-1.1
<u>Total</u>							
Army	61.5		67.2		24.7		-42.5
Navy	57.9		62.5		67.4		+4.9
Air Force	17.7		8.0		6.5		-1.5
Defense-Wide	85.6		75.1		74.0		-1.1
Total Environmental Technology	222.7		212.8		172.6		-40.2

ENVIRONMENTAL PROGRAMS

BASE REALIGNMENT & CLOSURE (BRAC)

BRAC 91

Army	4.8				
Navy	51.5				
Air Force	122.0				
Total BRAC 91	178.3				

BRAC 93

Army	13.6				
Navy	212.6				
Air Force	30.2				
Defense-Wide	14.0				
Total BRAC 93	270.4				

BRAC 95

Army	57.5				
Navy	78.8				
Air Force	61.0				
Defense-Wide	25.7				
Total BRAC 95	223.0				

Total

Army	75.9				
Navy	342.9				
Air Force	213.2				
Defense-Wide	39.7				
Total Base Realignment & Closure	671.7				

(\$ in Millions)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Estimate	98-99 Change
Army	4.8	0.0	0.0	0.0
Navy	51.5	50.9	0.0	-50.9
Air Force	122.0	0.0	0.0	0.0
Total BRAC 91	178.3	50.9	0.0	-50.9
Army	13.6	14.4	0.0	-14.4
Navy	212.6	218.0	189.6	-28.4
Air Force	30.2	173.4	84.5	-88.9
Defense-Wide	14.0	2.1	0.8	-1.3
Total BRAC 93	270.4	407.9	274.9	-133.0
Army	57.5	177.4	222.4	+45.0
Navy	78.8	94.9	90.8	-4.1
Air Force	61.0	83.1	67.6	-15.5
Defense-Wide	25.7	18.6	16.5	-2.1
Total BRAC 95	223.0	374.0	397.3	+23.3
Army	75.9	191.8	222.4	+30.6
Navy	342.9	363.8	280.4	-83.4
Air Force	213.2	256.5	152.1	-104.4
Defense-Wide	39.7	20.7	17.3	-3.4
Total Base Realignment & Closure	671.7	832.8	672.2	-160.6

ENVIRONMENTAL PROGRAMS

Operation & Maintenance 2/

	FY 1997	FY 1998	FY 1999	98-99
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
Army	460.0	441.5	407.0	-34.5
Army Reserve	35.8	28.7	25.2	-3.5
Army National Guard	58.3	103.2	90.3	-12.9
Navy	322.7	377.0	317.1	-59.9
Navy Reserve	13.8	10.0	7.8	-2.2
Marine Corps	139.7	137.8	139.2	+1.4
Marine Corps Reserve	2.8	5.6	5.9	+0.3
Air Force	300.1	306.5	371.1	+64.6
Air Force Reserve	16.4	17.3	19.8	+2.5
Air Force National Guard	21.1	20.3	19.1	-1.2
Defense-Wide	<u>48.9</u>	<u>50.8</u>	<u>42.2</u>	<u>-8.6</u>
Total Operation & Maintenance	1,419.6	1,498.7	1,444.7	-54.0

Operation & Maintenance

Environmental Restoration	1,311.1	1,296.9	1,259.4	-37.5
Environmental Compliance	1,164.2	1,238.3	1,163.1	-75.2
Environmental Conservation	97.7	92.2	101.4	+9.2
Pollution Prevention	<u>157.7</u>	<u>168.2</u>	<u>180.2</u>	<u>+12.0</u>
Total Operation & Maintenance	2,730.7	2,795.6	2,704.1	-91.5

2/ Amounts have been normalized to exclude transfers in from environmental restoration accounts.

RECRUITING, ADVERTISING, AND EXAMINING

	(\$ in Millions)			98-99
	FY 1997	FY 1998	FY 1999	Change
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	
Army	322.9	327.5	305.8	-21.7
Navy	123.0	137.5	130.4	-7.1
Marine Corps	78.4	81.2	80.8	-.4
Air Force	63.3	57.1	57.4	+3
Defense-wide	8.8	10.8	10.9	+1
Defense Health Program	29.0	29.1	30.9	+1.8
Army Reserve	45.9	37.9	41.8	+3.9
Navy Reserve	12.9	14.6	14.5	-.1
Marine Corps Reserve	7.8	7.6	7.9	+3
Air Force Reserve	8.1	8.3	8.3	-
Army National Guard	46.5	33.2	36.6	+3.4
Air National Guard	<u>4.7</u>	<u>6.2</u>	<u>.8</u>	<u>+1.6</u>
Total	751.3	751.0	733.1	-17.9

Recruiting

The recruiting funds provide support for recruiting commands and stations throughout the United States. Recruiting costs are for those items essential to the accomplishment of the recruiting mission, including meals, lodging, and travel of applicants, recruiter expenses, travel and per diem, civilian pay, vehicle operation and maintenance, lease of office space, and other incidental expenses necessary to support the recruiting mission. The FY 1999 Recruiting program reflects a net reduction of \$22.1 million, of which \$8.3 million is for price growth that is more than offset by \$30.4 million in reduced program.

Advertising

The advertising funds provide for local, regional, and national advertising to support the procurement and retention of quality enlisted and officer personnel. All advertising is designed to increase public awareness, portray opportunities, and generate recruit leads. The Services fund a media mix of advertising that includes television and radio; magazines and newspapers; direct mail campaigns; and recruiting booklets, pamphlets, and posters. The O&M, Defense-Wide appropriation funds common services for the Active and Reserve Components to include providing unified lead lists and direct mail campaigns. The FY 1999 Advertising program reflects a net increase of \$0.7 million, of which \$4.7 million is for price growth that is partially offset by \$4.0 million in program reductions.

RECRUITING, ADVERTISING, AND EXAMINING

Examining

The examining funds provide support for the U.S. Military Entrance Processing Command (MEPCOM) which includes the Military Entrance Processing Stations (MEPS) that process all enlisted personnel entering on active duty. The MEPCOM is a joint-Service organization. Each Service contributes military personnel based on its share of total budgeted accessions. The Army is the DoD Executive Agent for the command and provides the civilian staff. In addition, the Army provides funds for the MEPCOM to administer the Armed Service Vocational Aptitude Battery (ASVAB) test. This administration includes both the production and institutional (high school) testing programs and the Mobile Examining Teams (MET) operating under MEPS direction. Funds also provide for automated data processing (ADP) requirements of MEPCOM and the Selective Service System at their shared Joint Computer Center. The Air Force provides funding for an Air Force specific strength aptitude test program. This Air Force program provides a gender neutral test to ensure personnel are capable of performing their duties, therefore decreasing accidents and injuries due to over exertion and alleviating attrition in strenuous jobs.

The Defense Health Program finances the medical activities in the MEPS, primarily the examination of applicants to determine their medical qualifications for enlistment in the Armed Forces in accordance with eligibility standards established by the Service concerned. In addition the Defense Health Program includes funds for the DoD Medical Evaluation Review Board, which schedules and reviews physical examinations for the Service Academies and for the ROTC scholarship program.

The FY 1999 Examining program reflects a net increase of \$3.6 million, of which \$2.0 million is for price growth and \$1.6 million is for net program growth.

Explanation of Funding Changes

Overall funding in recruiting, advertising, and examining decreases from \$751.0 million in FY 1998 to \$733.1 million in FY 1999, a decrease of \$17.9 million below the FY 1998 level. This net decrease reflects price growth of \$15.0 million, program growth of \$34.3 million, more than offset by program decreases of \$67.2 million in FY 1999. These adjustments are described further below:

FY 1998 Current Estimate	
Price Growth	
	(\$ in Millions)
	<u>751.0</u>
	+15.0
Program Increases	
• Increased advertising by the Army is needed to respond to the challenging recruiting market that is expected to continue in FY 1999.	<u>34.3</u>
• Provides additional base operations support at various recruiting stations and the Military Entrance Processing Stations (MEPS).	+9.6
• Funds expanded Navy recruiter support functions, including refresher training and renegotiation of the MEPS billeting contract.	+9.3
	+7.2

RECRUITING, ADVERTISING, AND EXAMINING

(\$ in Millions)

Program Increases Cont'd.

- Funds fact-of-life requirements for replacement of computer/office equipment and furniture primarily at Navy and Army Reserve recruiting facilities. +6.1
- Resources a projected increase of 17,800 medical examinations at the MEPS above the FY 1998 level. +1.2
- Funds additional Air Force Officer Qualifying Testing (AFOQT) required for selection into the AFROTC, Officer Training School, and undergraduate pilot and Air National Guard pilot training programs. +.9

Program Decreases

- Reflects efficiencies in Headquarters support to field recruiting activities as a result of improved computer/communication equipment, reduced travel/transportation and lodging expenses, and reduced training costs. -67.2
- Reduced level of advertising for television, radio, and magazine media in concert with reduced FY 1999 accession goals for the Navy. -39.0
- Savings realized for automation investment in CAT-ASVAB, reduced leased costs, and other reductions in civilian personnel support associated with closure of four recruiting area commands. -6.3 -18.0
- Other minimal reductions in recruiting and advertising support by the Marine Corps, Navy Reserve, and Air Force Reserve. -3.9

FY 1999 Estimate

733.1

The following tables provide the funding by Component for each category.

RECRUITING, ADVERTISING, AND EXAMINING

RECRUITING

	(\$ in Millions)			
	FY 1997	FY 1998	FY 1999	98-99
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
Army	146.4	165.5	131.0	-34.5
Navy	81.8	85.5	95.5	+10.0
Marine Corps	53.4	54.5	57.4	+2.9
Air Force	46.2	37.9	38.8	+9
Army Reserve	23.0	27.0	25.1	-1.9
Navy Reserve	10.6	12.1	12.1	-
Marine Corps Reserve	5.1	4.8	5.1	+3
Air Force Reserve	4.1	4.6	4.6	-
Army National Guard	26.5	21.2	21.1	-1
Air National Guard	<u>2.6</u>	<u>2.4</u>	<u>2.7</u>	<u>+3</u>
Total	399.7	415.5	393.4	-22.1

RECRUITING, ADVERTISING, AND EXAMINING

ADVERTISING

	<u>FY 1997</u>	<u>(\$ in Millions)</u>		<u>98-99</u>
	<u>Actual</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>Change</u>
		<u>Estimate</u>	<u>Estimate</u>	
Army	103.5	91.6	103.2	+11.6
Navy	41.2	52.0	34.9	-17.1
Marine Corps	25.0	26.7	23.4	-3.3
Air Force	15.7	17.1	16.0	-1.1
Defense-Wide	8.8	10.8	10.9	+1
Army Reserve	22.9	10.9	16.7	+5.8
Navy Reserve	2.3	2.5	2.4	-.1
Marine Corps Reserve	2.7	2.8	2.8	-
Air Force Reserve	4.0	3.7	3.7	-
Army National Guard	20.0	12.0	15.5	+3.5
Air National Guard	<u>2.1</u>	<u>3.8</u>	<u>5.1</u>	<u>+1.3</u>
Total	248.2	233.9	234.6	+7

EXAMINING

	<u>FY 1997</u>	<u>(\$ in Millions)</u>		<u>98-99</u>
	<u>Actual</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>Change</u>
		<u>Estimate</u>	<u>Estimate</u>	
Army	73.0	70.4	71.6	+1.2
Air Force	1.4	2.1	2.7	+.6
Defense Health Program	<u>29.0</u>	<u>29.1</u>	<u>30.9</u>	<u>+1.8</u>
Total	103.4	101.6	105.2	+3.6

The following tables provide the enlisted accession requirements for each Component.

RECRUITING, ADVERTISING, AND EXAMINING

ENLISTED ACCESSION REQUIREMENTS (000)

	<u>FY 1997</u>	<u>FY 1998</u>	<u>98-99</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Change</u>
<u>Active Forces</u>			
<u>Nonprior Service</u>			
Army	<u>187.6</u>	<u>188.1</u>	<u>-4.1</u>
Navy	74.8	67.9	+6
Marine Corps	48.0	55.0	-7.3
Air Force	34.6	33.9	+1.1
	30.2	31.3	+1.5
<u>Prior Service</u>			
Army	<u>9.2</u>	<u>6.9</u>	<u>-7</u>
Navy	8.1	5.0	-
Marine Corps	1.0	1.7	-7
Air Force	-	-	-
	.1	.2	-
Total Active Forces	196.8	195.0	-4.8
<u>Reserve Forces</u>			
<u>Nonprior Service</u>			
Army Reserve	<u>56.7</u>	<u>55.5</u>	<u>+5.7</u>
Navy Reserve	15.0	18.1	+9
Marine Corps Reserve	2.8	2.5	-
Air Force Reserve	6.2	6.1	+2
Army National Guard	1.2	1.5	+3
Air National Guard	28.4	24.9	+3.4
	3.1	2.4	+9

RECRUITING, ADVERTISING, AND EXAMINING

	<u>FY 1997</u> <u>Actual</u>	<u>FY 1998</u> <u>Estimate</u>	<u>FY 1999</u> <u>Estimate</u>	<u>98-99</u> <u>Change</u>
<u>Prior Service</u>	<u>110.6</u>	<u>11.7</u>	<u>102.0</u>	<u>+3</u>
Army Reserve	34.1	29.9	30.7	+8
Navy Reserve	23.9	23.2	23.2	-
Marine Corps Reserve	4.1	4.1	5.0	+9
Air Force Reserve	7.2	8.5	9.0	+5
Army National Guard	35.1	31.6	28.3	-3.3
Air National Guard	6.2	4.4	5.8	+1.4
Total Reserve Forces	<u>167.3</u>	<u>157.2</u>	<u>163.2</u>	<u>+6.0</u>
Total Active and Reserve Forces	<u>364.1</u>	<u>352.2</u>	<u>353.4</u>	<u>+1.2</u>

TRAINING AND EDUCATION

	(\$ in Millions)			
	FY 1997	FY 1998	FY 1999	98-99
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
Army	2,438.9	2,427.6	2,504.2	+76.6
Navy	1,347.9	1,399.5	1,475.6	+76.1
Marine Corps	253.9	265.3	277.4	+12.1
Air Force	1,352.4	1,426.3	1,469.3	+43.0
American Forces Information Service	14.2	11.3	11.1	-.2
Defense Acquisition University	93.2	93.6	-	-93.6
U.S. Special Operations Command	30.8	40.3	42.4	+2.1
Defense Health Program (Incl. USUHS)	<u>293.6</u>	<u>306.9</u>	<u>296.3</u>	<u>-10.6</u>
Total	5,824.9	5,970.8	6,076.3	+105.5

Funds provide for the training and educational requirements primarily for military personnel including the costs of staff, curricula, equipment, and services. The principal effort is to acquire and maintain a trained force of personnel able to effectively man and support our units, ships, aircraft, and installed weapon systems. To accomplish this goal, resources are required to operate and finance a wide range of training centers, Service schools and colleges, DoD and joint-Service schools, Reserve Officer Training Corps (ROTC) units, Service academies, the Health Professional Scholarship Program (HPSP), and continued operation of the Uniformed Services University of Health Services (USUHS). The above figures also include base support activities. The FY 1999 budget request reflects a net funding increase of \$105.5 million, which includes price growth of \$119.4 million, partially offset by net program reductions of \$13.9 million. Specific changes by programs are provided after the workload data. The following table summarizes the financial data displayed above by various training categories.

TRAINING AND EDUCATION

Training and Education by Category by Service

	(\$ in Millions)			
	FY 1997	FY 1998	FY 1999	98-99
<u>Recruit Training</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
Army 1/	27.3	26.0	29.2	+3.2
Navy	4.2	4.6	4.6	-
Marine Corps	9.7	9.9	10.2	+3
Air Force	4.6	3.8	4.4	+4.6
Total	45.8	44.3	48.4	+4.1
<u>Specialized Skill Training</u>				
Army	211.7	218.7	215.9	-2.8
Navy	228.5	229.1	237.9	+8.8
Marine Corps	26.6	28.5	28.3	-2
Air Force	205.9	198.3	215.5	+17.2
U.S. SOCOM	28.1	37.4	39.5	+2.1
DHP	88.4	100.7	102.5	+1.8
Total	789.2	812.7	839.6	+26.9
<u>Professional Development</u>				
Army	77.5	72.7	192.7	+120.0
Navy	70.6	64.7	71.8	+7.1
Marine Corps	5.7	5.7	6.5	+8
Air Force	75.5	88.0	90.7	+2.7
U.S. SOCOM	1.3	1.5	1.5	-
AFIS	14.2	11.3	11.1	-2
DAU	93.2	93.6	-	-93.6
DHP	55.3	55.3	55.0	-3
Total	393.3	392.8	429.3	+36.5

1/ Includes Army One Station Unit Training (OSUT).

TRAINING AND EDUCATION

	(\$ in Millions)		
	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
<u>Officer Acquisition</u>			
Army	64.5	63.2	63.6
Navy	69.5	71.3	75.6
Marine Corps	.3	.3	.3
Air Force	48.7	50.0	57.7
DHP (Includes USUHS)	149.9	150.9	138.8
Total	332.9	335.7	336.0
			Change
			+4
			+4.3
			-
			+7.7
			-12.1
			+3
<u>Senior ROTC</u>			
Army	115.6	118.7	130.3
Navy	63.5	65.6	69.1
Air Force	49.5	45.2	46.5
Total	228.6	229.5	245.9
			+11.6
			+3.5
			+1.3
			+16.4
<u>Flight Training</u>			
Army	218.3	209.5	226.5
Navy	270.4	316.0	315.9
Marine Corps	.1	.2	.2
Air Force	318.5	384.4	406.9
Total	807.3	910.1	949.5
			+17.0
			-.1
			-
			+22.5
			+39.4

TRAINING AND EDUCATION

<u>Training Support</u>	(\$ in Millions)			
	FY 1997 <u>Actual</u>	FY 1998 <u>Estimate</u>	FY 1999 <u>Estimate</u>	98-99 <u>Change</u>
Army	398.1	476.6	488.8	+12.2
Navy	122.1	124.7	138.3	+13.6
Marine Corps	70.4	72.7	81.3	+8.6
Air Force	66.8	62.9	65.7	+2.8
Total	657.4	736.9	774.1	+37.2
<u>Base Support/Real Property Maintenance</u>				
Army	1,308.3	1,242.2	1,157.2	-85.0
Navy	535.9	523.5	562.4	+38.9
Marine Corps	141.1	148.0	150.6	+2.6
Air Force	582.9	593.7	581.9	-11.8
U.S. SOCOM	1.5	1.4	1.4	-
Total	2,569.7	2,508.8	2,453.5	-55.3

TRAINING AND EDUCATION

Workload Indicators

	<u>Army</u>	<u>Navy</u>	<u>Marine Corps</u>	<u>Air Force</u>	<u>U.S. SOCOM</u>	<u>Defense Health Program</u>	<u>Total</u>
<u>Flying Hours (in Thousands)</u>	185.8	297.3	-	360.3	-	-	843.4
				<u>FY 1997 Actual</u>			
<u>Training Workloads</u>	54,713	38,588	19,030	32,228	2,090	64,173	210,822
Recruit Training	11,526	8,444	9,147	4,041	-	-	33,158
One Station Unit Training	7,997	-	-	-	-	-	7,997
Initial Skill & Skill Progression	28,228	21,476	8,308	15,001	2,027	52,664	127,704
Officer Acquisition	4,209	4,693	256	7,017	-	2,528	18,703
USUHS	-	-	-	-	-	164	164
Flight Training	905	1,715	-	1,440	-	-	4,060
Professional Development	1,848	2,260	1,319	4,729	63	8,817	19,036

	<u>FY 1998 Estimate</u>						
<u>Flying Hours (in Thousands)</u>	194.8	357.4	-	465.1	-	-	1,017.3

<u>Training Workloads</u>	59,577	39,717	19,386	32,992	2,059	65,873	219,604
Recruit Training	11,841	9,332	9,078	4,215	-	-	34,466
One Station Unit Training	9,474	-	-	-	-	-	9,474
Initial Skill & Skill Progression	30,997	21,292	8,632	14,793	1,994	54,983	132,691
Officer Acquisition	4,263	4,692	355	7,038	-	2,742	19,090
USUHS	-	-	-	-	-	163	163
Flight Training	1,081	1,834	-	2,037	-	-	4,952
Professional Development	1,921	2,567	1,321	4,909	65	7,985	18,768

TRAINING AND EDUCATION

Workload Indicators (Continued)

	<u>Army</u>	<u>Navy</u>	<u>Marine Corps</u>	<u>Air Force</u>	<u>U.S. SOCOM</u>	<u>Defense Health Program</u>	<u>Total</u>
<u>Flying Hours (in Thousands)</u>	205.7	368.6	-	495.2	-	-	1,069.5
<u>Training Workloads</u>	62,487	37,041	19,443	33,541	2,000	63,666	218,178
Recruit Training	13,353	8,093	9,345	4,445	-	-	35,236
One Station Unit Training	10,001	-	-	-	-	-	10,001
Initial Skill & Skill Progression	30,004	19,729	8,427	14,902	1,935	52,721	127,718
Officer Acquisition	4,224	4,707	331	7,068	-	2,810	19,140
USUHS	-	-	-	-	-	170	170
Flight Training	1,062	1,940	-	2,178	-	-	5,180
Professional Development	3,843	2,572	1,340	4,948	65	7,965	20,733

Note: Includes Guard and Reserve Forces when training is the mission responsibility of the Active Component.

Funding for the Training and Education activity increases by \$105.5 million, from \$5,970.8 million in FY 1998 to \$6,076.3 million in FY 1999. This net increase reflects price growth of \$119.4 million, net functional transfers into the training account of \$3.6 million; and program increases of \$168.9 million more than offset by decreases of \$186.4 million. These adjustments are further described as follows:

FY 1998 Current Estimate

Price Growth

Net Transfers into the Training Account from Administration and Servicewide activities.

(\$ in Millions)
5,970.8
+119.4
+3.6

Program Increases

+168.9

- Flight training for increased pilot production in the Active and Reserve Components, including undergraduate navigator training.
- Real property maintenance projects to reduce the backlog primarily at the Naval Training Center, TRADOC, and the U.S. Military Academy.
- Fact-of-life increases for replacement and upgrade of classroom furniture, equipment, and library materials and for contract costs for additional radars.

+38.9

+29.1

+24.7

TRAINING AND EDUCATION

Program Increases Cont'd.

(\$ in Millions)

- Outsourcing initiatives to contract out nonessential military billets for air traffic controllers, ground support, maintenance, and other base support functions previously financed in the Military Personnel accounts. +17.4
- Training support for expanded DoD computer-based education efforts, Distance Learning, and video teletraining initiatives. +13.9
- Specialized skills training – Funds mission critical requirements such as STARS, air weapons controllers, radar and avionics technicians, weapons loading, and black box maintenance, etc. +13.0
- Other increases that include one-time requirements to consolidate and relocate the Explosive Ordnance Disposal School, quality-of-life requirements for the Single Sailor program, and computer crimes training. +11.7
- Professional development increases for the Navy Acquisition Intern Training program, Defense Acquisition Workforce Improvement Act (DAWIA) training, and Financial Management Education and Training (FMET). +10.9
- Senior Reserve Officers Training Corps - Funds increases for scholarships and operations. +9.3

Program Decreases

-186.4

- Decreases in base operations support to reflect anticipated savings from outsourcing, privatization, and other initiatives to increase efficiency and reduce operating costs. -133.4
- Specialized skills training and training support – projected savings directly associated the continued implementation of distance learning as traditional classroom costs and student travel costs are reduced commensurate with reductions in resident instruction time. -17.8
- Professional Development - Army, Air Force, and Medical program decreases consistent with the reduction in certified military health care professionals and the overall medical department downsizing. -16.5
- Real property maintenance – Adjustment associated with completed Air Force projects. -11.7
- Other civilian education and training requirements as the civilian workforce continues to downsize. -7.0

FY 1999 Estimate

6,076.3

MANAGEMENT HEADQUARTERS

(\$ in Millions)

	FY 1997 <u>Actual</u>	FY 1998 <u>Estimate</u>	FY 1999 <u>Estimate</u>	98-99 <u>Change</u>
Total	2,616.6	2,416.1	2,468.5	52.4

Management Headquarters include the Office of the Secretary of Defense, the Office of the Chairman of the Joint Chiefs of Staff, The Joint Staff, Headquarters of Unified and Specified Commands, Headquarters of Defense Agencies, the Service Secretariats and Service Staffs, Headquarters of Major Service Commands, and other organizations that manage the programs and operations of the Department of Defense.

In FY 1999, funding increases from \$2,416.1 million to \$2,468.5 million, a net increase of \$52.4 million. Of this amount, approximately \$53.2 million is for price growth partially offset by net program decreases of \$.8 million. These net adjustments are further described below.

(\$ in Millions)

FY 1998 Estimate

Price

2,416.1

+53.2

Transfer into Management Headquarters: Defense Security Services resources that were previously not considered management headquarters functions are transferred into the Washington Headquarters Services beginning in FY 1999.

+8.1

Program Increases

+68.4

- Air Force modernization efforts to replace and upgrade the Financial Information Resource System, Automated Business Services System, and Programming Data and Manpower Data Systems.

+15.1

- Fact-of-life increases for Information Technology at various DoD activities.

+14.2

- Fact-of-life increases in the Joint Staff for Joint Doctrine automation, theater level simulation, long-range strategic plan for Joint training, and support for the Combat Terrorism Office.

+12.9

- Navy oversight and control of Army and Air Force functions at the Naval Weapons Station Concord.

+8.4

MANAGEMENT HEADQUARTERS

(\$ in Millions)

Program Increases Cont'd.

- Other increases for the Marine Corps, treaties enforcement, and compliance with the Executive Order for Document Declassification. +7.4
- Washington Headquarters Increases for commissions for the Vietnamese Commandos and Critical Infrastructure. +6.1
- Navy increases for the Chief Financial Officer Audit program. +4.3

Program Decreases

- Civilian personnel full-time equivalents decrease by a total of 918 in FY 1999 from the FY 1998 level. -77.3
- Efficiencies in Management Headquarters activities, primarily in Army and the Defense Logistics Agency. -66.9
- 10.4

FY 1999 Estimate

2,468.5

The Management Headquarters estimates shown on the following pages reflect the Operation and Maintenance (O&M) direct costs, civilian end strength funded in the O&M appropriations and military personnel end strength. These estimates are also reflected in the budget exhibit entitled, Department of Defense Management Headquarters which is provided in the Operation and Maintenance Data Books for the Military Departments and the Defense Agencies. Of the total amount budgeted for Management Headquarters, it is estimated that approximately 40 percent of the resources are for the Combat Commands, 12 percent supports the classified and communications activities, and the remaining 48 percent supports the Non-Combat Commands.

MANAGEMENT HEADQUARTERS

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>98-99</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
<u>ARMY</u>				
O&M Cost (\$ Millions)	693.3	593.7	574.3	-19.4
End Strength:				
Military	6,663	6,287	6,111	-176
Civilian	6,174	6,384	6,114	-270
Total End Strength	12,837	12,671	12,225	-446
<u>NAVY</u>				
O&M Cost (\$ Millions)	531.4	504.7	542.9	38.2
End Strength:				
Military	6,437	6,210	5,469	-741
Civilian	4,249	4,311	3,997	-314
Total End Strength	10,686	10,521	9,466	-1,055
<u>MARINE CORPS</u>				
O&M Cost (\$ Millions)	45.6	32.7	38.5	5.8
End Strength:				
Military	1,433	1,459	1,395	-64
Civilian	322	297	274	-23
Total End Strength	1,755	1,756	1,669	-87
<u>AIR FORCE</u>				
O&M Cost (\$ Millions)	456.1	377.2	396.1	18.9
End Strength:				
Military	10,225	9,918	9,666	-252
Civilian	4,708	4,642	4,597	-45
Total End Strength	14,933	14,560	14,263	-297

MANAGEMENT HEADQUARTERS

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>98-99</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
<u>ARMY RESERVE</u>				
O&M Cost (\$ Millions)	33.8	27.9	27.5	-0.4
End Strength:				
Military	752	778	776	-2
Civilian	346	360	361	1
Total End Strength	1,098	1,138	1,137	-1
<u>ARMY NATIONAL GUARD</u>				
O&M Cost (\$ Millions)	5.9	6.6	6.4	-0.2
End Strength:				
Military	360	360	360	0
Civilian	109	87	87	0
Total End Strength	469	447	447	0
<u>NAVY RESERVE</u>				
O&M Cost (\$ Millions)	5.6	5.9	6.0	0.1
End Strength:				
Military	24	24	22	-2
Civilian	81	82	82	0
Total End Strength	105	106	104	-2
<u>AIR FORCE RESERVE</u>				
O&M Cost (\$ Millions)	32.8	35.8	34.5	-1.3
End Strength:				
Military	2,469	2,438	2,476	38
Civilian	471	496	490	-6
Total End Strength	2,940	2,934	2,966	32

MANAGEMENT HEADQUARTERS

	FY 1997 <u>Actual</u>	FY 1998 <u>Estimate</u>	FY 1999 <u>Estimate</u>	98-99 <u>Change</u>
<u>AIR NATIONAL GUARD</u>				
O&M Cost (\$ Millions)	2.3	3.1	2.9	-0.2
End Strength:				
Military	148	139	139	0
Civilian	31	35	33	-2
Total End Strength	179	174	172	-2
<u>DEFENSE-WIDE</u>				
O&M Cost (\$ Millions)	809.8	828.5	839.4	10.9
End Strength:				
Military	2,286	2,216	2,081	-135
Civilian	4,257	4,126	3,867	-259
Total End Strength	6,543	6,342	5,948	-394
<u>DOD TOTAL</u>				
O&M Cost (\$ Millions)	2,616.6	2,416.1	2,468.5	52.4
End Strength:				
Military	30,797	29,829	28,495	-1,334
Civilian	20,748	20,820	19,902	-918
Total End Strength	51,545	50,649	48,397	-2,252

KEY ACTIVITY INDICATORS

ARMY

	<u>FY 1997</u> <u>Actual</u>	<u>FY 1998</u> <u>Estimate</u>	<u>FY 1999</u> <u>Estimate</u>	<u>98-99</u> <u>Change</u>
Active Duty Military Personnel (End Strength)	491,707	488,000	480,000	-8,000
Civilian Personnel (O&M FTEs)	154,621	151,905	150,014	-1,891
Primary Authorized Aircraft (PAA)	2,571	2,518	2,485	-33
Total Aircraft Inventory	2,959	2,927	2,870	-57
Flying Hours (000's)	571	578	591	+13
Training Workloads	54,713	59,577	62,487	+2,910
Major Installations	187	184	184	-

NAVY

Active Duty Military Personnel (End Strength)	395,564	386,894	372,696	-14,198
Civilian Personnel (O&M FTEs)	86,537	85,122	85,736	+614
Total Aircraft Inventory (Includes Reserves)	4,184	4,173	4,083	-90
Primary Authorized Aircraft (Active)	3,283	3,296	3,283	-13
Flying Hours (000's)	1,243	1,335	1,371	+36
Ship Inventory	336	315	297	-18
Steaming Hours (000's)	860	750	700	-50
Training Workloads	38,588	39,717	37,041	-2,676
Major Installations	113	107	104	-3

MARINE CORPS

Active Duty Military Personnel (End Strength)	173,906	172,987	172,200	-787
Civilian Personnel (O&M FTEs)	16,502	16,575	16,393	-182
Training Workloads	19,030	19,386	19,442	+56
Major Installations	21	22	22	-
Major Supply Depots	2	2	2	-

KEY ACTIVITY INDICATORS

KEY ACTIVITY INDICATORS

AIR FORCE

	<u>FY 1997 Actual</u>	<u>FY 1998 Estimate</u>	<u>FY 1999 Estimate</u>	<u>98-99 Change</u>
Active Duty Military Personnel (End Strength)	377,385	371,409	370,882	-527
Civilian Personnel (O&M FTEs)	96,831	95,189	94,632	-557
Total Aircraft Inventory (TAI)	4,061	4,033	4,025	-8
Primary Assigned Aircraft (PAA)	3,259	3,291	3,328	+37
Flying Hours (000's)	1,287	1,364	1,377	+13
Training Workloads	32,228	32,992	33,541	+549
Major Installations	77	77	80	+3

ARMY RESERVE

Total Selected Reserve Strength (End Strength)	212,850	208,000	208,000	-
Civilian Personnel (O&M FTEs)	9,931	10,982	10,853	-129
(Technicians Included Above)	(6,260)	(6,545)	(6,471)	(-74)
Primary Authorized Aircraft (PAA)	132	132	132	-
Flying Hours (000's)	25	36	36	-
Major Installations	5	6	6	-
Reserve Centers	837	832	821	-11

NAVY RESERVE

Total Selected Reserve Strength (End Strength)	95,317	94,294	90,843	-3,451
Civilian Personnel (O&M FTEs)	2,422	2,349	2,267	-82
(Technicians Included Above)	(-)	(-)	(-)	(-)
Primary Authorized Aircraft (PAA)	453	444	431	-13
Flying Hours (000's)	171	170	171	+1
Ship Inventory	24	26	28	+2
Steaming Hours (000's)	32	30	34	+4
Reserve Centers	166	159	159	-
Major Installations	8	7	6	-1

KEY ACTIVITY INDICATORS

KEY ACTIVITY INDICATORS

	FY 1997 <u>Actual</u>	FY 1998 <u>Estimate</u>	FY 1999 <u>Estimate</u>	98-99 <u>Change</u>
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MARINE CORPS RESERVE

Total Selected Reserve Strength (End Strength)	41,997	40,855	40,018	-837
Civilian Personnel (O&M FTEs)	157	161	161	-
(Technicians Included Above)	(-)	(-)	(-)	(-)
Division/Wing Team	1/1	1/1	1/1	-/-
Training Centers	191	191	191	-

AIR FORCE RESERVE

Total Selected Reserve Strength (End Strength)	71,986	73,447	74,242	+795
Civilian Personnel (O&M FTEs)	15,197	15,160	15,141	-19
(Technicians Included Above)	(9,478)	(9,802)	(9,761)	(-41)
Total Aircraft Inventory (TAI)	452	450	451	+1
Primary Authorized Aircraft (PAA)	401	400	393	-7
Flying Hours (000's)	135	137	135	-2
Major Installations	12	12	12	-

ARMY NATIONAL GUARD

Total Selected Reserve Strength (End Strength)	370,046	361,516	357,000	-4,516
Civilian Personnel (O&M FTEs)	25,573	25,644	24,312	-1,332
(Technicians Included Above)	(25,144)	(25,108)	(23,815)	(-1,293)
Primary Authorized Aircraft (PAA)	2,127	2,065	2,041	-24
Flying Hours (000's)	264	268	309	+41
Training Locations	79	79	79	-
Divisions	8	8	8	-
Brigades	16	16	16	-

KEY ACTIVITY INDICATORS

KEY ACTIVITY INDICATORS

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>98-99</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
<u>AIR NATIONAL GUARD</u>				
Total Selected Reserve Strength (End Strength)	110,023	108,002	106,991	-1,011
Civilian Personnel (O&M FTEs)	25,114	24,917	24,427	-490
(Technicians Included Above)	(23,676)	(23,215)	(22,787)	(-428)
Total Aircraft Inventory, End FY	1,381	1,362	1,355	-7
Primary Authorized Aircraft (PAA)	1,192	1,184	1,170	-14
Flying Hours (000's)	373	361	358	-3
Major Installations	5	5	5	-
Other Operating Locations	170	170	170	-

DEFENSE HEALTH PROGRAM

Primary Authorized Aircraft (PAA)	25	26	26	-
Flying Hours (000's)	24	23	21	-2
Training Workloads (Specialized Skill)	64,173	65,873	63,666	-2,207
Medical Centers and Hospitals	115	108	102	-6
Average Daily Patient Load	4,109	3,902	3,761	-141

KEY ACTIVITY INDICATORS

FOREIGN CURRENCY RATES

The Foreign Currency Fluctuations, Defense (FCF,D) appropriation was established in FY 1979 to enable execution of budgeted programs without concern for adverse variations in foreign currency rates. It is managed by the Under Secretary of Defense .(Comptroller) who transfers funds from this appropriation to the Military Components' Operation and Maintenance (O&M) and Military Personnel (MILPERS) Centrally Managed Allotments (CMA's) to cover net losses in direct programs due to unfavorable fluctuations in foreign currency exchange rates for selected currencies. Since the FCF,D appropriation is only available to fund net losses, gains and losses are accumulated in the CMA in each affected O&M appropriation. If a net gain results, the asset is transferred to the FCF,D appropriation.

The rates below are the foreign currency exchange rates used as a baseline against which actual fluctuations are measured as programs are executed. These rates are expressed in terms of units of foreign currency that can be purchased with one (1) U.S. dollar.

FOREIGN CURRENCY EXCHANGE RATES (Units of Foreign Currency Per One U.S. Dollar)

<u>Country</u>	<u>Monetary Unit</u>	<u>Execution Rates</u>		<u>President's Budget Rates FY 1999</u>
		<u>FY 1997</u>	<u>FY 1998</u>	
Belgium	Franc	35.13	37.25	35.86
Denmark	Krone	5.58	6.87	6.80
France	Franc	5.73	6.08	5.99
Germany	Deutsche Mark	1.70	1.81	1.79
Greece	Drachma	269.62	283.92	280.40
Italy	Lira	1,691.00	1,759.00	1,752.00
Japan	Yen	125.31	121.17	130.45
Netherlands	Guilder	1.91	2.03	2.01
Norway	Krone	7.07	7.42	7.24
Portugal	Escudo	170.99	183.25	182.58
Singapore	Dollar	1.44	1.50	1.61
South Korea	Won	893.00	907.60	1,342.40
Spain	Peseta	143.59	152.33	151.00
Turkey	Lira	132,250.00	168,865.00	196,475.00
United Kingdom	Pound	.61	.63	.62

FOREIGN CURRENCY RATES

DOD CUSTOMER FUEL PRICES

The Department procures only refined fuel products. The fuel prices identified in the following table include the cost of the crude oil, refining, inventory control, transportation, and storage.

The DoD makes its refined fuel purchases in a two-step process involving both the Defense Logistics Agency (DLA) and the individual Service or Agency with the requirement. The DLA, through its Defense Energy Management Center operating under the Defense Working Capital Fund, purchases most of the fuel and subsequently sells it primarily to DoD customers. This operation permits the Department to take advantage of price breaks for large quantity purchases and allows the DoD customer to plan on a stabilized price for all products for that fiscal year.

Based on current economic assumptions, the FY 1999 President's budget anticipates that the stabilized composite price of \$34.86 charged DoD customers in FY 1999 will fully finance the Defense Business Working Capital Fund's projected fuel costs.

The following table reflects the composite price and stabilized prices by product that DoD customers are paying and will pay for fuel in each fiscal year.

Product Type	(Rates in Dollars)					
	FY 1997		FY 1998		FY 1999	
	Gallon	Barrel	Gallon	Barrel	Gallon	Barrel
AVGAS	2.36	99.12	3.65	153.30	3.33	139.86
Motor Gas Leaded	.91	38.22	1.07	44.94	.98	41.16
Motor Gas Unleaded	.74	31.08	.88	36.96	.80	33.60
Premium	.75	31.50	.89	37.38	.88	36.96
Midgrade	.74	31.08	.88	36.96	.84	35.28
Regular	.73	30.66	.87	36.54	.79	33.18
Gasohol	.73	30.66	.87	36.54	.82	34.44
JP-4 Milspec	.77	32.34	1.18	49.56	1.08	45.36
JP-4 Commercial	.77	32.34	.89	37.38	.81	34.02
JP-5	.79	33.18	.93	39.06	.85	35.70
JP-8	.77	32.34	.91	38.22	.83	34.86
Distillates	.74	31.08	.88	36.96	.80	33.60

DOD CUSTOMER FUEL PRICES

<u>Product Type</u>	<u>FY 1997</u>		<u>(Rates in Dollars)</u>		<u>FY 1999</u>	
	<u>Gallon</u>	<u>Barrel</u>	<u>Gallon</u>	<u>Barrel</u>	<u>Gallon</u>	<u>Barrel</u>
Diesel (Generic)	.69	28.98	.83	34.86	.76	31.92
Diesel KSN PC&S	.71	29.82	.85	35.70	.78	32.76
Diesel KS1 PC&S	.62	26.04	.74	31.08	.81	34.02
Diesel FS2 PC&S	.63	26.46	.75	31.50	.68	28.56
Diesel FS1 PC&S	.71	29.82	.85	35.70	.78	32.76
Diesel DLA Low Sulfur	1.01	42.42	1.18	49.56	.88	36.96
Diesel DL1 Low Sulfur	1.01	42.42	1.18	49.56	.79	33.18
Diesel DL2 Low Sulfur	.98	41.16	1.15	48.30	.72	30.24
Diesel DFA High Sulfur	.77	32.34	.91	38.22	.81	34.02
Diesel DF1 High Sulfur	.69	28.98	.83	34.86	.76	31.92
Diesel DF2 High Sulfur	.64	26.88	.76	31.92	.69	28.98
Residuals	.45	18.90	.55	23.10	.50	21.00
Navy Reclaimed	.46	19.32	.34	14.28	.35	14.70
Into Plane	.99	41.58	1.16	48.72	1.06	44.52
Local Purchase Jet Fuel	1.50	63.00	1.50	63.00	1.50	63.00
Bunker - Marine	.68	28.56	.82	34.44	.75	31.50
Bunker - Intermediate	.43	18.06	.53	22.26	.48	20.16
<u>Composite Price</u>	.76	31.92	.91	38.22	.83	34.86
<u>DWCF Cost</u>	.88	36.77	.84	35.39	.83	34.86
<u>Special Fuels:</u>						
Special Fuels 2 (JP-TS)	2.60	109.20	2.85	119.70	2.85	119.70
Special Fuels 1 (JP-7)	3.00	126.00	3.00	126.00	2.25	94.50

CIVILIAN PERSONNEL

	FY 1997 <u>Actual</u>	FY 1998 <u>Estimate</u>	FY 1999 <u>Estimate</u>	98-99 <u>Change</u>
<u>Total DoD - By Service</u>				
Army	226,844	226,276	222,078	-4,198
Navy	211,635	204,099	201,086	-3,013
Air Force	173,103	171,805	163,117	-8,688
Defense-wide	<u>134,168</u>	<u>128,845</u>	<u>122,261</u>	<u>-6,584</u>
DoD Total	745,750	731,025	708,542	-22,483

* Excludes Foreign National Indirect Hires.

CIVILIAN PERSONNEL

	FY 1997	(Full-Time Equivalents)*		
By Appropriation	Actual	FY 1998	FY 1999	98-99
		Estimate	Estimate	Change
Operation and Maintenance, Active & Defense-Wide	376,314	367,247	362,987	-4,260
Operation and Maintenance, Reserve	27,707	28,652	28,422	-230
Operation and Maintenance, National Guard	50,687	50,561	48,739	-1,822
Research, Development, Test, and Evaluation (RDT&E)	35,974	36,469	33,615	-2,854
Military Construction	8,197	8,768	8,896	+128
Family Housing	959	887	890	+3
Defense Working Capital Funds	242,457	233,466	221,423	-12,043
Pentagon Reservation Maintenance Fund	758	809	809	-
Defense Stockpile	266	294	284	-10
National Security Education Trust Fund	8	-	-	-
Building Maintenance Fund	25	28	28	-
Drug Interdiction and Counter-Drug Activities	-	1,310	-	-1,310
Defense Health Program	843	898	886	-12
Office of the Inspector General	1,369	1,315	1,242	-73
Defense Foreign Military Sales	133	262	262	-
U.S. Court of Appeals for the Armed Forces	53	59	59	-
TOTAL	745,750	731,025	708,542	-22,483

* Excludes Foreign National Indirect Hires.

CIVILIAN PERSONNEL

	(Full-Time Equivalents)			
<u>Total DoD - By Type of Hire</u>	FY 1997 Actual	FY 1998 Estimate	FY 1999 Estimate	98-99 Change
U.S. Direct Hire	727,891	714,339	691,923	-22,416
Foreign National Direct Hire	17,859	16,686	16,619	-67
Total - Direct Hire	745,750	731,025	708,542	-22,483
Foreign National Indirect Hire	<u>40,018</u>	<u>38,729</u>	<u>38,004</u>	<u>-725</u>
DoD Total	785,768	769,754	746,546	-23,203
<u>Total FTEs by Service</u>				
Army	246,734	245,190	240,268	-4,922
Navy	222,574	215,121	212,015	-3,106
Air Force	179,966	178,215	169,568	-8,647
Defense-Wide	<u>136,494</u>	<u>131,228</u>	<u>124,695</u>	<u>-6,533</u>
DoD Total	785,768	769,754	746,546	-23,208

CIVILIAN PERSONNEL

ARMY

Direct Hires By Appropriation

Operation and Maintenance, Army

U. S. Direct Hire	FY 1997 Actual	FY 1998 Estimate	FY 1999 Estimate	98-99 Change
Foreign National Direct Hire	126,010	125,078	123,909	-1,169
Total Direct Hire	<u>9,567</u>	<u>8,781</u>	<u>8,766</u>	<u>-15</u>
	135,577	133,859	132,675	-1,184

Operation and Maintenance, Army Reserve

U. S. Direct Hire	9,931	10,982	10,853	-129
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Direct Hire	9,931	10,982	10,853	-129

Operation and Maintenance, Army National Guard

U. S. Direct Hire	25,573	25,644	24,312	-1,332
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Direct Hire	25,573	25,644	24,312	-1,332

Research, Development, Test & Evaluation

U. S. Direct Hire	22,603	22,984	22,171	-813
Foreign National Direct Hire	<u>11</u>	<u>156</u>	<u>161</u>	<u>+5</u>
Total Direct Hire	22,614	23,140	22,332	-808

Military Construction

U. S. Direct Hire	4,967	5,732	6,042	+310
Foreign National Direct Hire	<u>286</u>	<u>222</u>	<u>222</u>	<u>-</u>
Total Direct Hire	5,253	5,954	6,264	+310

CIVILIAN PERSONNEL

ARMY

	(Full-Time Equivalents)			
	FY 1997 Actual	FY 1998 Estimate	FY 1999 Estimate	98-99 Change
<u>Direct Hires By Appropriation</u>				
<u>Military Family Housing</u>				
U. S. Direct Hire	901	836	836	-
Foreign National Direct Hire	58	51	54	+3
Total Direct Hire	959	887	890	+3
<u>Working Capital Fund</u>				
U. S. Direct Hire	26,751	25,572	24,518	-1,054
Foreign National Direct Hire	164	122	118	-4
Total Direct Hire	26,915	25,694	24,636	-1,058
<u>Foreign Military Assistance</u>				
U. S. Direct Hire	22	48	48	-
Foreign National Direct Hire	-	68	68	-
Total Direct Hire	22	116	116	-
<u>Army Total</u>				
U. S. Direct Hire	216,758	216,876	212,689	-4,187
Foreign National Direct Hire	10,086	9,400	9,389	-11
Total Direct	226,844	226,276	222,078	-4,198

CIVILIAN PERSONNEL

ARMY

(Full-Time Equivalents)

Summary of Increases/Decreases

Direct Hires

Working Capital Fund Reductions
Quadrennial Review Reductions
Research and Development Adjustments
Force Structure/Streamlining Reductions
Transfer of Counter Drug FTE's from the DHP
Total

98-99
Change
-1,058
-1,070
-808
-1,805
+543
-4,198

Indirect Hires

Operation and Maintenance, Army
Military Construction
Army Family Housing
Working Capital Fund
Foreign Military Financing
Total FTEs - Indirect Hire

	FY 1997	FY 1998	FY 1999	98-99
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
	19,044	18,046	17,339	-707
	152	150	150	-
	426	428	415	-13
	268	289	285	-4
	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
	19,890	18,914	18,190	-724

Total Direct Hire FTEs

-4,198

Total Indirect Hire FTEs

-724

Total Army

-4,922

CIVILIAN PERSONNEL

NAVY

Direct Hires By Appropriation

Operation and Maintenance, Navy

U. S. Direct Hire

Foreign National Direct Hire

Total Direct Hire

FY 1997
Actual

77,645

2,809

80,454

FY 1998
Estimate

76,223

2,740

78,963

FY 1999
Estimate

76,952

2,675

79,627

98-99
Change

729

-65

664

Operation and Maintenance, Marine Corps

U. S. Direct Hire

Foreign National Direct Hire

Total Direct Hire

13,525

-

13,525

13,735

-

13,735

13,583

-

13,583

-152

-

-152

Operation and Maintenance, Navy Reserve

U. S. Direct Hire

Foreign National Direct Hire

Total Direct Hire

2,422

-

2,422

2,349

-

2,349

2,267

-

2,267

-82

-

-82

Operation and Maintenance, Marine Corps Reserve

U. S. Direct Hire

Foreign National Direct Hire

Total Direct Hire

157

-

157

161

-

161

161

-

161

-

-

-

Research, Development, Test and Evaluation

U. S. Direct Hire

Foreign National Direct Hire

Total Direct Hire

1,531

348

1,879

1,468

348

1,816

1,440

340

1,780

-28

-8

-36

CIVILIAN PERSONNEL

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CIVILIAN PERSONNEL

NAVY

Direct Hires By Appropriation

Military Construction

U. S. Direct Hire

Foreign National Direct Hire

Total Direct Hire

(Full-Time Equivalents)

FY 1997	FY 1998	FY 1999	98-99
<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
2,873	2,759	2,577	-182
<u>71</u>	<u>55</u>	<u>55</u>	-
2,944	2,814	2,632	-182

Working Capital Funds, Navy & MC

U. S. Direct Hire

Foreign National Direct Hire

Total Direct Hire

110,152	104,155	100,939	-3,216
<u>31</u>	<u>32</u>	<u>30</u>	<u>-2</u>
110,183	104,187	100,969	-3,218

Foreign Military Assistance

U. S. Direct Hire

Foreign National Direct Hire

Total Direct Hire

16	14	13	-1
<u>55</u>	<u>60</u>	<u>54</u>	<u>-6</u>
71	74	67	-7

Total Navy

U. S. Direct Hire

Foreign National Direct Hire

Total Direct Hire

194,639	186,968	184,188	-2,780
<u>3,314</u>	<u>3,235</u>	<u>3,154</u>	<u>-81</u>
197,953	190,203	187,342	-2,861

Total - Marine Corps

U. S. Direct Hire

Foreign National Direct Hire

Total Direct Hire

13,682	13,896	13,744	-152
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
13,682	13,896	13,744	-152

CIVILIAN PERSONNEL

CIVILIAN PERSONNEL

NAVY

(Full-Time Equivalents)

	FY 1997	FY 1998	FY 1999	98-99
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
Total Department of Navy				
U. S. Direct Hire	208,321	200,864	197,932	-2,932
Foreign National Direct Hire	<u>3,314</u>	<u>3,235</u>	<u>3,154</u>	<u>-81</u>
Total Direct Hire	211,635	204,099	201,086	-3,013

Summary of Increases/Decreases

Change
98-99

Changes to Working Capital Fund Workload

Warfare Centers

Shipyards

Aviation Depots

Supply/Distribution

Public Works

Other WCF Functions

Base Closures/Realignments

Human Resources Organization Regionalization

Base Operations

Medical Activities

Pay and Personnel Administrative Services Support Consolidation

General Workload Reductions

Transfer of Counter-Drug Program from DHP

SUPSHIP Design Engineering

Intelligence Programs

Other Realignments/Reductions

Total

-625
+1,010
-15
-232
-355
-172
-783
-72
-1,140
-184
-74
-351
+356
-323
+129
<u>-182</u>
-3,013

CIVILIAN PERSONNEL

CIVILIAN PERSONNEL

NAVY

Indirect Hires By Appropriation

Operation and Maintenance, Navy
Operation and Maintenance, Marine Corps
Research, Development, Test, and Evaluation
Military Construction
Working Capital Fund
Total FTEs - Indirect

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Estimate	98-99 Change
	6,083	6,159	6,109	-50
	2,977	2,840	2,810	-30
	2	3	3	-
	67	69	69	-
	<u>1,810</u>	<u>1,951</u>	<u>1,938</u>	<u>-13</u>
	10,939	11,022	10,929	-93

Total Direct Hire FTEs

Navy
Marine Corps
Total - Direct Hire

197,953	190,203	187,342	-2,861
<u>13,682</u>	<u>13,896</u>	<u>13,744</u>	<u>-152</u>
211,635	204,099	201,086	-3,013

Total Indirect Hire FTEs

Navy
Marine Corps
Total - Indirect Hire

7,962	8,182	8,119	-63
<u>2,977</u>	<u>2,840</u>	<u>2,810</u>	<u>-30</u>
10,939	11,022	10,929	-93

Total Department of the Navy FTEs

Navy
Marine Corps
Total FTEs

205,915	198,385	195,461	-2,924
<u>16,659</u>	<u>16,736</u>	<u>16,554</u>	<u>-182</u>
222,574	215,121	212,015	-3,106

CIVILIAN PERSONNEL

AIR FORCE

	FY 1997 Actual	FY 1998 Estimate	(Full-Time Equivalents) FY 1999 Estimate	98-99 Change
<u>Direct Hires By Appropriation</u>				
<u>Operation and Maintenance, Air Force</u>				
U. S. Direct Hire	87,437	86,504	85,913	-591
Foreign National Direct Hire	<u>2,824</u>	<u>2,509</u>	<u>2,502</u>	<u>-7</u>
Total Direct Hire	90,261	89,013	88,415	-598
<u>Operation and Maintenance, Air Force Reserve</u>				
U. S. Direct	15,197	15,160	15,141	-19
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Direct Hire	15,197	15,160	15,141	-19
<u>Operation and Maintenance, Air National Guard</u>				
U. S. Direct	25,114	24,917	24,427	-490
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Direct Hire	25,114	24,917	24,427	-490
<u>Research, Development, Test, and Evaluation</u>				
U. S. Direct Hire	10,142	10,078	8,060	-2,018
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Direct Hire	10,142	10,078	8,060	-2,018
<u>Working Capital Fund</u>				
U. S. Direct Hire	32,209	32,491	26,928	-5,563
Foreign National Direct Hire	<u>180</u>	<u>146</u>	<u>146</u>	<u>-</u>
Total Direct Hire	32,389	32,637	27,074	-5,563

CIVILIAN PERSONNEL

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CIVILIAN PERSONNEL

AIR FORCE

Directs Hire By Appropriation

Air Force Total

U. S. Direct Hire

Foreign National Direct Hire

Total Direct Hire

(Full-Time Equivalents)

	FY 1997	FY 1998	FY 1999	98-99
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
	170,099	169,150	160,469	-8,681
	<u>3,004</u>	<u>2,655</u>	<u>2,648</u>	<u>-7</u>
	173,103	171,805	163,117	-8,688

98-99

Change

-860

-26

-734

-1,968

-339

-3,759

-657

-345

-8,688

Summary of Increases and Decreases

Strategic Force

General Purpose Forces

Intelligence and Communications

General Research and Development

Other Defense-wide Missions

Logistics Support

Personnel Support

Other Centralized Support

Total

CIVILIAN PERSONNEL

AIR FORCE

Indirect Hires By Appropriation

Operation and Maintenance, Air Force
Working Capital Fund
Total Indirect Hire

Total Direct Hire FTEs

Total Indirect Hire FTEs

Total Air Force FTEs

	FY 1997	FY 1998	FY 1999	98-99
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
	6,570	6,176	6,217	+41
	<u>293</u>	<u>234</u>	<u>234</u>	-
	6,863	6,410	6,451	+41
	173,103	171,805	163,117	-8,688
	<u>6,863</u>	<u>6,410</u>	<u>6,451</u>	<u>+41</u>
	179,966	178,215	169,568	-8,647

DEFENSE-WIDE ACTIVITIES

Direct Hire By Appropriation

Operation and Maintenance

U. S. Direct Hire

Foreign National Direct Hire

Total Direct Hire

	FY 1997	FY 1998	FY 1999	98-99
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
	55,776	50,884	47,869	-3,015
	<u>628</u>	<u>603</u>	<u>635</u>	<u>+32</u>
	56,404	51,487	48,504	-2,983
	1,339	1,435	1,443	+8
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	1,339	1,435	1,443	+8

Research, Development, Test, & Evaluation

U. S. Direct Hire

Foreign National Direct Hire

Total Direct Hire

CIVILIAN PERSONNEL

CIVILIAN PERSONNEL

DEFENSE-WIDE ACTIVITIES

	FY 1997 <u>Actual</u>	FY 1998 <u>Estimate</u>	FY 1999 <u>Estimate</u>	98-99 <u>Change</u>
			(Full-Time Equivalents)	
<u>Direct Hires By Appropriation</u>				
<u>Working Capital Fund</u>				
U. S. Direct Hire	72,143	70,155	67,951	-2,204
Foreign National Direct Hire	827	793	793	-
Total Direct Hire	72,970	70,948	68,744	-2,204
<u>Pentagon Reservation Fund</u>				
U. S. Direct Hire	758	809	809	-
<u>National Defense Stockpile</u>				
U. S. Direct Hire	266	294	284	-10
<u>National Security Education Trust Fund</u>				
U. S. Direct Hire	8	-	-	-
<u>Building Maintenance Fund</u>				
U. S. Direct Hire	25	28	28	-
<u>Drug Interdiction and Counter-Drug Activities</u>				
U. S. Direct Hire	-	1,310	-	-1,310
<u>Defense Health Program</u>				
U. S. Direct Hire	843	898	886	-12

CIVILIAN PERSONNEL

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CIVILIAN PERSONNEL

DEFENSE-WIDE ACTIVITIES

		(Full-Time Equivalents)			
	FY 1997 Actual	FY 1998 Estimate	FY 1999 Estimate	98-99 Change	
<u>Direct Hires By Appropriation</u>					
<u>Office of the Inspector General</u>					
U. S. Direct Hire	1,369	1,315	1,242	-73	
<u>U. S. Court of Appeals for the Armed Forces</u>					
U. S. Direct Hire	53	59	59	-	
<u>Defense Foreign Military Sales</u>					
U. S. Direct Hire	133	262	262	-	
<u>Total Defense-Wide Activities</u>					
U. S. Direct Hire	132,713	127,449	120,833	-6,616	
Foreign National Direct Hire	<u>1,455</u>	<u>1,396</u>	<u>1,428</u>	<u>+32</u>	
Total Direct Hire	134,168	128,845	122,261	-6,584	
<u>Summary of Increases and Decreases</u>					
DCAA				98-99 Change	
DeCA				-129	
DFAS				-55	
DSS				-2,076	
DLA				-7	
DTRTC				-2,318	
DSWA				+936	
DoDDE				-563	
Intell & Communications				-92	
				-330	

CIVILIAN PERSONNEL

DEFENSE-WIDE ACTIVITIES
(Full-Time Equivalents)

Summary of Increases and Decreases

OIG
Transfer of Drug Interdiction to Services
AFIS
OSIA
BMDO
DARPA
DHP
Other
Total

98-99
Change
-73
-1,310
-12
-341
+6
-1
-12
-207
-6,584

CIVILIAN PERSONNEL

DEFENSE-WIDE ACTIVITIES

		(Full-Time Equivalents)			
	FY 1997	FY 1998	FY 1999	98-99	
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>	
<u>Indirect Hires By Appropriation</u>					
Operation and Maintenance	401	345	348	+3	
Office of the Inspector General	1	1	1	-	
Working Capital Fund	<u>1,924</u>	<u>2,037</u>	<u>2,085</u>	<u>+48</u>	
Total	2,326	2,383	2,434	+51	
Total Direct Hire FTEs	134,168	128,845	122,261	-6,584	
Total Indirect Hire FTEs	<u>2,326</u>	<u>2,383</u>	<u>2,434</u>	<u>+51</u>	
Total FTEs	136,494	131,228	124,695	-6,533	

MILITARY PERSONNEL

ACTIVE FORCE PERSONNEL

(End Strength)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Estimate	98-99 Change
<u>DoD Total By Type</u>	<u>1,438,562</u>	<u>1,419,290</u>	<u>1,395,778</u>	<u>-23,512</u>
Officer	227,314	224,936	222,137	-2,799
Enlisted	1,199,058	1,182,354	1,161,641	-20,713
Cadets	12,190	12,000	12,000	-
 <u>DoD Total By Service</u>	 <u>1,438,562</u>	 <u>1,419,290</u>	 <u>1,395,778</u>	 <u>-23,512</u>
Army	491,707	488,000	480,000	-8,000
Navy	395,564	386,894	372,696	-14,198
Marine Corps	173,906	172,987	172,200	-787
Air Force	377,385	371,409	370,882	-527

MILITARY PERSONNEL/ACTIVE FORCE PERSONNEL

(Average Strength)

<u>Average Strength By Service</u>	<u>FY 1997</u> <u>Actual</u>	<u>FY 1998</u> <u>Estimate</u>	<u>FY 1999</u> <u>Estimate</u>	<u>98-99</u> <u>Change</u>
<u>Army</u>	<u>491,659</u>	<u>487,560</u>	<u>480,296</u>	<u>-7,264</u>
Officer	81,023	79,837	78,571	-1,266
Enlisted	406,734	403,913	397,951	-5,962
Cadets	3,902	3,810	3,774	-36
<u>Navy</u>	<u>403,555</u>	<u>388,201</u>	<u>375,205</u>	<u>-12,996</u>
Officer	56,742	55,634	54,471	-1,163
Enlisted	342,911	328,719	316,880	-11,839
Midshipmen	3,902	3,848	3,854	+6
<u>Marine Corps</u>	<u>173,525</u>	<u>173,074</u>	<u>172,079</u>	<u>-995</u>
Officer	17,965	17,910	17,953	+43
Enlisted	155,560	155,164	154,126	-1,038
<u>Air Force</u>	<u>386,115</u>	<u>378,486</u>	<u>374,738</u>	<u>-3,748</u>
Officer	75,903	74,786	73,832	-954
Enlisted	306,261	299,752	296,959	-2,793
Cadets	3,951	3,948	3,947	-1
<u>DoD Total</u>	<u>1,454,854</u>	<u>1,427,321</u>	<u>1,402,318</u>	<u>-25,003</u>
Officer	231,633	228,167	224,827	-3,340
Enlisted	1,211,466	1,187,548	1,165,916	-21,632
Cadets	11,755	11,606	11,575	-31

MILITARY PERSONNEL/ACTIVE FORCE PERSONNEL

ARMY

(End Strength)

	FY 1997 <u>Actual</u>	FY 1998 <u>Estimate</u>	FY 1999 <u>Estimate</u>	98-99 <u>Change</u>
<u>Total</u>	<u>491,707</u>	<u>488,000</u>	<u>480,000</u>	<u>-8,000</u>
Officer	79,305	79,200	77,800	-1,400
Enlisted	408,337	404,800	398,200	-6,600
Cadets	4,065	4,000	4,000	-

	98-99 <u>Change</u>
<u>Total</u>	<u>-8,000</u>
Strategic Forces	-
General Purpose Forces	-5,633
Intelligence & Communications	-956
General Research & Development	-132
Other Defense Wide Missions	-4
Logistics Support	-42
Personnel Support	-1,028
Other Centralized Support	-205

MILITARY PERSONNEL/ACTIVE FORCE PERSONNEL

NAVY
(End Strength)

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>98-99</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
<u>Total</u>	<u>395,564</u>	<u>386,894</u>	<u>372,696</u>	<u>-14,198</u>
Officer	56,201	55,118	53,843	-1,275
Enlisted	335,267	327,776	314,853	-12,923
Midshipmen	4,096	4,000	4,000	-

98-99
Change

Total
Strategic Forces
General Purpose Forces
Intelligence & Communications
General Research & Development
Other Defense Wide Missions
Logistics Support
Personnel Support
Other Centralized Support

-14,198
-152
-11,152
-342
-192
-304
-127
-1,342
-587

MILITARY PERSONNEL

MILITARY PERSONNEL/ACTIVE FORCE PERSONNEL

MARINE CORPS

(End Strength)

	FY 1997 <u>Actual</u>	FY 1998 <u>Estimate</u>	FY 1999 <u>Estimate</u>	98-99 <u>Change</u>
<u>Total</u>	<u>173,906</u>	<u>172,987</u>	<u>172,200</u>	<u>-787</u>
Officer	17,825	17,886	17,878	-8
Enlisted	156,081	155,101	154,322	-779

98-99
Change

Total

Strategic Forces
General Purpose Forces
Intelligence & Communications
General Research & Development
Other Defense Wide Missions
Logistics Support
Personnel Support
Other Centralized Support

-787
-
-706
+3
+1
-8
+6
-11
-72

MILITARY PERSONNEL

MILITARY PERSONNEL/ACTIVE FORCE PERSONNEL

AIR FORCE (End Strength)

	FY 1997	FY 1998	FY 1999	98-99
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
Total	377,385	371,409	370,882	-527
Officer	73,983	72,732	72,616	-116
Enlisted	299,373	294,677	294,266	-411
Cadets	4,029	4,000	4,000	-

98-99
Change

Total

Strategic Forces
General Purpose Forces
Intelligence & Communications
General Research & Development
Other Defense Wide Missions
Logistics Support
Personnel Support
Other Centralized Support

-527
-820
-45
-259
-2,557
-182
+1,461
+2,137
-262

MILITARY PERSONNEL

200

MILITARY PERSONNEL/ACTIVE FORCE PERSONNEL

U.S. SPECIAL OPERATIONS COMMAND (USSOCOM) SUPPORT

Included within the Services' estimates are the following active military end strength that provide direct support to USSOCOM.

	(End Strength)			98-99
	FY 1997	FY 1998	FY 1999	Change
Army	Actual	Estimate	Estimate	
	<u>15,258</u>	<u>15,232</u>	<u>15,231</u>	<u>-1</u>
Officer	2,751	2,898	2,898	-
Enlisted	12,507	12,334	12,333	-1
Navy	4,919	5,056	5,077	+21
Officer	746	789	797	+8
Enlisted	4,173	4,267	4,280	+13
Marine Corps	39	49	49	=
Officer	16	24	24	-
Enlisted	23	25	25	-
Air Force	8,673	9,171	9,176	+5
Officer	1,511	1,660	1,664	+4
Enlisted	7,162	7,511	7,512	+1
DoD Total	28,889	29,508	29,533	+25
Officer	5,024	5,371	5,383	+12
Enlisted	23,865	24,137	24,150	+13

MILITARY PERSONNEL

SELECTED RESERVE, NATIONAL GUARD, AND RESERVE SUPPORT PERSONNEL

	FY 1997 <u>Actual</u>	(End Strength) FY 1998 <u>Estimate</u>	FY 1999 <u>Estimate</u>	98-99 <u>Change</u>
<u>Total DoD</u>	993,249	978,819	967,224	-11,595
Reserve Military	902,219	886,114	877,094	-9,020
(Trained in Units)	(773,107)	(768,611)	(757,556)	(-11,055)
(Individual Mobilization Augmentees (IMAs))	(24,490)	(21,011)	(20,795)	(-216)
(Training Pipeline)	(39,800)	(32,514)	(35,303)	(+2,789)
(Full time Duty)	(64,822)	(63,978)	(63,440)	(-538)
Active Military	13,641	13,142	13,099	-43
Civilians	77,389	79,563	77,031	-2,532
(Technicians Included Above)	(63,450)	(64,956)	(62,800)	(-2,156)
<u>By Service</u>	993,249	978,819	967,224	-11,595
Army Reserve	223,082	219,829	219,425	-404
Navy Reserve	104,408	103,149	99,541	-3,608
Marine Corps Reserve	46,768	45,529	44,685	-844
Air Force Reserve	87,758	89,375	90,007	+632
Army National Guard	395,488	387,289	381,485	-5,804
Air National Guard	135,745	133,648	132,081	-1,567

SELECTED RESERVE, NATIONAL GUARD, AND RESERVE SUPPORT PERSONNEL

	FY 1997 <u>Actual</u>	(End Strength) FY 1998 <u>Estimate</u>	FY 1999 <u>Estimate</u>	98-99 <u>Change</u>
<u>Army Reserve</u>	<u>223,082</u>	<u>219,829</u>	<u>219,425</u>	<u>-404</u>
Reserve Military	212,850	208,000	208,000	-
(Trained in Units)	(180,078)	(180,228)	(175,359)	(-4,869)
(Individual Mobilization Augmentees (IMAs))	(9,628)	(6,148)	(6,228)	(+80)
(Training Pipeline)	(11,340)	(10,124)	(14,609)	(+4,485)
(Full time Duty)	(11,804)	(11,500)	(11,804)	(+304)
Active Military	648	591	586	-5
Civilians	9,584	11,238	10,839	-399
(Technicians Included Above)	(5,787)	(6,799)	(6,474)	(-325)
 <u>Navy Reserve</u>	 <u>104,408</u>	 <u>103,149</u>	 <u>99,541</u>	 <u>-3,608</u>
Reserve Military	95,317	94,294	90,843	-3,451
(Trained in Units)	(78,660)	(78,158)	(75,253)	(-2,905)
(Individual Mobilization Augmentees (IMAs))	(-)	(-)	(-)	(-)
(Training Pipeline)	(-)	(-)	(-)	(-)
(Full time Duty)	(16,657)	(16,136)	(15,590)	(-546)
Active Military	6,701	6,487	6,407	-80
Civilians	2,390	2,368	2,291	-77
(Technicians Included Above)	(-)	(-)	(-)	(-)

SELECTED RESERVE, NATIONAL GUARD, AND RESERVE SUPPORT PERSONNEL

	FY 1997 <u>Actual</u>	(End Strength) FY 1998 <u>Estimate</u>	FY 1999 <u>Estimate</u>	98-99 <u>Change</u>
<u>Marine Corps Reserve</u>				
<u>Reserve Military</u>	<u>46,768</u>	<u>45,529</u>	<u>44,685</u>	<u>-844</u>
(Trained in Units)	41,997	40,855	40,018	-837
(Individual Mobilization Augmentees (IMAs))	(33,616)	(33,469)	(33,084)	(-385)
(Training Pipeline)	(2,722)	(2,067)	(1,795)	(-272)
(Full time Duty)	(3,170)	(2,825)	(2,777)	(48)
Active Military	(2,489)	(2,494)	(2,362)	(-132)
Civilians	4,612	4,513	4,506	-7
(Technicians Included Above)	159	161	161	-
	(-)	(-)	(-)	(-)
<u>Air Force Reserve</u>				
<u>Reserve Military</u>	<u>87,758</u>	<u>89,375</u>	<u>90,007</u>	<u>+632</u>
(Trained in Units)	71,986	73,447	74,242	+795
(Individual Mobilization Augmentees (IMAs))	(58,302)	(59,013)	(59,708)	(+695)
(Training Pipeline)	(12,140)	(12,796)	(12,772)	(-24)
(Full time Duty)	(887)	(771)	(771)	(-)
Active Military	(657)	(867)	(991)	(+124)
Civilians	770	675	701	+26
(Technicians Included Above)	15,002	15,253	15,064	-189
	(9,478)	(9,802)	(9,761)	(-41)

SELECTED RESERVE, NATIONAL GUARD, AND RESERVE SUPPORT PERSONNEL

	FY 1997 <u>Actual</u>	(End Strength) FY 1998 <u>Estimate</u>	FY 1999 <u>Estimate</u>	98-99 <u>Change</u>
<u>Army National Guard</u>				
Reserve Military	395,488	387,289	381,485	<u>-5,804</u>
(Trained in Units)	370,046	361,516	357,000	-4,516
(Individual Mobilization Augmentees (IMAs))	(326,107)	(323,075)	(320,757)	(-2,318)
(Training Pipeline)	(-)	(-)	(-)	(-)
(Full time Duty)	(21,284)	(16,131)	(14,480)	(-1,651)
Active Military	(22,655)	(22,310)	(21,763)	(-547)
Civilians	177	168	173	+5
(Technicians Included Above)	25,265	25,605	24,312	-1,293
	(24,781)	(25,108)	(23,815)	(-1,293)
 <u>Air National Guard</u>				
Reserve Military	135,745	133,648	132,081	<u>-1,567</u>
(Trained in Units)	110,023	108,002	106,991	-1,011
(Individual Mobilization Augmentees (IMAs))	(96,344)	(94,668)	(93,395)	(-1,273)
(Training Pipeline)	(-)	(-)	(-)	(-)
(Full time Duty)	(3,119)	(2,663)	(2,666)	(+3)
Active Military	(10,560)	(10,671)	(10,930)	(+259)
Civilians	733	708	726	+18
(Technicians Included Above)	24,989	24,938	24,364	-574
	(23,404)	(23,247)	(22,750)	(-497)

LEGISLATIVE PROPOSALS

(\$ in Millions)

FY 1999

Military Personnel, Army	+1
Military Personnel, Navy	+2
Military Personnel, Marine Corps	+4
Military Personnel, Air Force	+3.2
Reserve Personnel, Army	+3
Reserve Personnel, Air Force	+4
National Guard Personnel, Army	+2
National Guard Personnel, Air Force	+1.0
Operation and Maintenance, Army	+2
Operation and Maintenance, Navy	+1
Operation and Maintenance, Air Force	+2
Operation and Maintenance, Defense-Wide	+9.2
Total	+15.5

Funding for the following legislative proposals is included in the FY 1999 President's budget request.

Hazardous Duty Incentive Pay for Firefighters. This proposal would authorize hazardous duty incentive pay for primary duty firefighters. Environments created by advanced technologies possess dangerous chemicals and composite materials, which are potentially lethal without proper safeguards.

Military Personnel, Army	+1
Military Personnel, Navy	+2
Military Personnel, Marine Corps	+4
Military Personnel, Air Force	+1.6
Reserve Personnel, Air Force	+1
National Guard Personnel, Air Force	+9
Total	+3.3

LEGISLATIVE PROPOSALS

(\$ in Millions)
FY 1999

Conditional Aviation Career Incentive Pay (ACIP) for Air Force Battle Managers. This provision extends ACIP to Air Force Battle Managers (AWACS, ABCC, JSTARS). Technological advances and global engagements require battle managers to possess operational expertise as an integral component of the air power employment equation.

Military Personnel, Air Force	+1.6
Reserve Personnel, Air Force	+1.1
National Guard Personnel, Air Force	<u>+1.1</u>
Total	+1.8

Medical Coverage for Officer Program Participants. This initiative would provide medical coverage for those officers injured in the course of travel or during attendance at training, such as ROTC summer camp.

Reserve Personnel, Army	+2
Reserve Personnel, Air Force	<u>+2</u>
Total	+4

Correction of Inequities for Injury During Overnight Before Drill. This proposal would allow coverage for those injured during the evening prior to a drill, which recognizes early arrivals prior to drills because of substantial commuting distances.

Reserve Personnel, Army	+1
National Guard Personnel, Army	<u>+2</u>
Total	+3

LEGISLATIVE PROPOSALS

(\$ in Millions)
FY 1999

Funded Student Travel. This initiative would allow one annual home visit for full-time student dependents pursuing graduate education. The current entitlement is limited to undergraduates.

Operation and Maintenance, Army	+2
Operation and Maintenance, Navy	+1
Operation and Maintenance, Air Force	+2
Total	+5

Inspector Expenses from the Organization for the Prohibition of Chemical Weapons (OPCW). The proposal would provide funding for international OPCW inspectors associated with verification related activities. This funding was previously provided by the Department of State.

Operation and Maintenance, Defense-Wide	+9.0
Total	+9.0

Per Diem to Federal Employees Escorting Foreign Inspectors Under Arms Control Treaties and Agreements. The proposal would provide lodging and meal expense funding for civilians while escorting foreign inspectors in local areas.

Operation and Maintenance, Defense-Wide	+2
Total	+2

DISTRIBUTION LIST

House Appropriations Committee	6
Senate Appropriations Committee	6
House National Security Committee	10
Senate Armed Service Committee	10
House Budget Committee	1
Senate Budget Committee	1
Congressional Budget Office	2
General Accounting Office	3
Office of Management and Budget	10
National Security Council	1
Library of Congress, Congressional Research Service	2
Defense Technical Information Center	1
Under Secretary of Defense (Comptroller)	1
Principal Deputy Under Secretary of Defense (Comptroller)	1
Deputy Comptroller, Program/Budget	1
Assistant Deputy Comptroller, Program/Budget	1
Directorate for Investment	2
Directorate for Military Construction	2
Directorate for Operations	20
Directorate for Plans and Systems	12
Directorate for Defense Working Capital Funds	4
Deputy Under Secretary of Defense (Financial Management)	5
Director for Program Analysis and Evaluation	3
Department of the Army, Office of the Assistant Secretary of the Army (FM)	5
Department of the Army, Office of the Army Reserve, Comptroller Division	2
Department of the Army, National Guard Bureau, Comptroller Division	2
Department of the Navy, Office of the Assistant Secretary of the Navy (FM)	5
Department of the Navy, Directorate of Naval Reserve, Financial Management	2
Department of the Navy, Headquarters U.S. Marine Corps, Fiscal Directorate	2
Department of the Navy, Headquarters U.S. Marine Corps, Reserve Affairs, Budget	2
Department of the Air Force, Office of the Assistant Secretary of the Air Force (FM)	5
Department of the Air Force, Office of Air Force Reserve, Comptroller Division	2
Department of the Air Force, National Guard Bureau, Comptroller Division	2
Office of the Under Secretary of Defense (Policy)	1
Office of the Assistant Secretary of Defense (Strategy, Requirements & Resources)	2
Office of the Assistant Secretary of Defense (SO/LIC)	1

DISTRIBUTION LIST

Office of the Under Secretary of Defense (Personnel & Readiness)	3
Office of the Assistant Secretary of Defense (Reserve Affairs)	1
Office of the Assistant Secretary of Defense (RA) Drug Enforcement Policy	1
Office of the Assistant Secretary of Defense (Health Affairs)	1
Office of the Assistant Secretary of Defense (Command, Control, Communications & Intelligence)	1
Office of the Under Secretary of Defense (Acquisition & Technology)	1
Office of the Assistant Secretary of Defense (Economic Security)	1
Office of the Deputy Under Secretary of Defense (Logistics)	2
Office of the Deputy Under Secretary of Defense (Environmental Security)	2
Office of the Assistant Secretary of Defense (Legislative Affairs)	3
Office of the Assistant Secretary of Defense (Public Affairs)	5
Office of the Joint Staff, Force Structure, Resource and Assessment Directorate	1
American Forces Information Service	1
Ballistic Missile Defense Organization	1
Defense Acquisition University	1
Defense Advanced Research Projects Agency	1
Defense Contract Audit Agency	1
Defense Finance and Accounting Service	1
Defense Human Resources Activity	1
Defense Information Systems Agency	1
Defense Intelligence Agency	1
Defense Legal Services Agency	1
Defense Logistics Agency	1
Defense Nuclear Agency	1
Defense Prisoner of War/Missing Personnel Office	1
Defense Security Assistance Agency	1
Defense Security Service	1
Defense Special Weapons Agency	1
Defense Technology Security Administration	1
Department of Defense Education Activity	1
General Counsel, Department of Defense	1
National Imagery and Mapping Agency	1
National Security Agency	1
Office of Economic Adjustment	1
Office of the Inspector General, DoD	1
On-Site Inspection Agency	1
Uniformed Services University of Health Sciences	1
U.S. Special Operations Command	1
Washington Headquarters Services	5

**The Operation and Maintenance Overview is available on
the World Wide Web at
<http://www.dtic.mil/comptroller/99budget>.**

Operation and Maintenance Programs

O-1

The Operation and Maintenance Programs (O-1) is consistent with the Budget Review System database.

The O-1 is provided annually to the DoD oversight committees of the Congress coincident with the transmittal of the President's budget. This document is also provided to the OASD(PA) for use by non-DoD activities and is available to the public on the Internet at <http://www.dtic.mil/comptroller>.

Office of the Under Secretary of Defense
(Comptroller)

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EXHIBIT O-1

FY 1999 PRESIDENT'S BUDGET

(DOLLARS IN THOUSANDS)

<u>APPROP</u>	<u>ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
OPERATION AND MAINTENANCE, ARMY					
BUDGET ACTIVITY 1: OPERATING FORCES					
<u>LAND FORCES</u>					
2020A	10	DIVISIONS	<u>2,794,328</u>	<u>2,750,311</u>	<u>2,966,468</u>
2020A	20	CORPS COMBAT FORCES	998,503	949,351	1,091,232
2020A	30	CORPS SUPPORT FORCES	257,246	245,885	299,739
2020A	40	ECHELON ABOVE CORPS FORCES	310,769	327,157	316,361
2020A	50	LAND FORCES OPERATIONS SUPPORT	411,148	405,283	434,579
			816,662	822,635	824,557
<u>LAND FORCES READINESS</u>					
2020A	60	FORCE READINESS OPERATIONS SUPPORT	<u>1,910,159</u>	<u>2,042,622</u>	<u>1,919,575</u>
2020A	70	LAND FORCES SYSTEMS READINESS	754,534	919,382	973,814
2020A	80	LAND FORCES DEPOT MAINTENANCE	436,527	378,981	375,038
			719,098	744,259	570,723
<u>LAND FORCES READINESS SUPPORT</u>					
2020A	90	BASE SUPPORT	<u>5,494,342</u>	<u>3,380,682</u>	<u>3,219,888</u>
2020A	100	MAINTENANCE OF REAL PROPERTY	2,934,580	2,417,157	2,332,231
2020A	110	MANAGEMENT AND OPERATIONAL HEADQUARTERS	825,216	695,181	641,651
2020A	120	UNIFIED COMMANDS	214,921	107,047	110,538
2020A	130	MISCELLANEOUS ACTIVITIES	153,309	67,236	71,990
			1,366,316	94,061	63,478
TOTAL, BUDGET ACTIVITY 1:			10,198,829	8,173,615	8,105,931

EXHIBIT O-1

FY 1999 PRESIDENT'S BUDGET

(DOLLARS IN THOUSANDS)

<u>APPROP</u>	<u>ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
BUDGET ACTIVITY 2: MOBILIZATION					
<u>MOBILITY OPERATIONS</u>					
2020A	140	POMCUS	543,948	518,031	624,635
			82,816	0	0
2020A	150	STRATEGIC MOBILIZATION	316,391	300,330	314,541
2020A	160	ARMY PREPOSITIONED STOCKS	86,066	158,813	165,349
2020A	170	INDUSTRIAL PREPAREDNESS	58,675	58,888	78,645
2020A	180	MAINTENANCE OF REAL PROPERTY	0	0	66,100
TOTAL, BUDGET ACTIVITY 2:			543,948	518,031	624,635

EXHIBIT O-1

FY 1999 PRESIDENT'S BUDGET

(DOLLARS IN THOUSANDS)

<u>APPROP</u>	<u>ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
BUDGET ACTIVITY 3: TRAINING AND RECRUITING					
<u>ACCESSION TRAINING</u>					
2020A	190	OFFICER ACQUISITION	<u>335,283</u>	<u>305,446</u>	<u>339,001</u>
2020A	200	RECRUIT TRAINING	64,457	63,216	63,580
2020A	210	ONE STATION UNIT TRAINING	13,004	12,006	14,264
2020A	220	RESERVE OFFICER TRAINING CORPS (ROTC)	14,325	14,009	14,909
2020A	230	BASE SUPPORT (ACADEMY ONLY)	115,575	118,653	130,270
2020A	240	MAINTENANCE OF REAL PROPERTY (ACADEMY ONLY)	77,146	70,358	72,999
			50,776	27,204	42,979
			<u>2,103,577</u>	<u>2,122,206</u>	<u>2,165,176</u>
<u>BASIC SKILL/ ADVANCE TRAINING</u>					
2020A	250	SPECIALIZED SKILL TRAINING	229,294	218,687	215,964
2020A	260	FLIGHT TRAINING	218,270	209,545	226,501
2020A	270	PROFESSIONAL DEVELOPMENT EDUCATION	77,527	72,721	192,720
2020A	280	TRAINING SUPPORT	398,081	476,637	488,799
2020A	290	BASE SUPPORT (OTHER TRAINING)	983,647	888,424	782,265
2020A	300	MAINTENANCE OF REAL PROPERTY (OTHER TRAINING)	196,758	256,192	258,927
			<u>748,634</u>	<u>750,840</u>	<u>731,386</u>
<u>RECRUITING/OTHER TRAINING</u>					
2020A	310	RECRUITING AND ADVERTISING	249,825	257,106	234,154
2020A	320	EXAMINING	72,982	70,378	71,593
2020A	330	OFF-DUTY AND VOLUNTARY EDUCATION	112,799	103,739	100,203
2020A	340	CIVILIAN EDUCATION AND TRAINING	76,075	78,477	73,517
2020A	350	JUNIOR ROTC	68,517	73,867	73,423
2020A	360	BASE SUPPORT (RECRUITING LEASES)	168,436	167,273	178,496
			<u>3,187,494</u>	<u>3,178,492</u>	<u>3,235,563</u>
TOTAL, BUDGET ACTIVITY 3:					

EXHIBIT O-1

FY 1999 PRESIDENT'S BUDGET

(DOLLARS IN THOUSANDS)

<u>APPROP</u>	<u>ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES					
<u>SECURITY PROGRAMS</u>					
2020A	370	SECURITY PROGRAMS	<u>359,847</u>	<u>363,396</u>	<u>404,340</u>
			359,847	363,396	404,340
<u>LOGISTICS OPERATIONS</u>					
2020A	380	SERVICEWIDE TRANSPORTATION	<u>1,656,797</u>	<u>1,554,425</u>	<u>1,505,999</u>
2020A	390	CENTRAL SUPPLY ACTIVITIES	543,108	544,015	398,473
2020A	400	LOGISTIC SUPPORT ACTIVITIES	393,662	361,383	370,824
2020A	410	AMMUNITION MANAGEMENT	390,434	342,950	336,403
			329,593	306,077	400,299
<u>SERVICEWIDE SUPPORT</u>					
2020A	420	ADMINISTRATION	<u>3,310,454</u>	<u>2,681,789</u>	<u>3,131,374</u>
2020A	430	SERVICEWIDE COMMUNICATIONS	301,856	277,174	304,679
2020A	440	MANPOWER MANAGEMENT	640,587	609,545	606,379
2020A	450	OTHER PERSONNEL SUPPORT	153,367	147,038	142,081
2020A	460	OTHER SERVICE SUPPORT	200,783	149,101	150,483
2020A	470	ARMY CLAIMS ACTIVITIES	1,115,428	605,246	618,384
2020A	480	REAL ESTATE MANAGEMENT	112,815	140,819	118,886
2020A	490	BASE SUPPORT	88,270	62,132	68,815
2020A	500	COMMISSARY OPERATIONS	645,154	566,025	700,689
2020A	510	MAINTENANCE OF REAL PROPERTY	0	0	338,400
			52,194	124,709	82,578
<u>SUPPORT OF OTHER NATIONS</u>					
2020A	520	INTERNATIONAL MILITARY HEADQUARTERS	<u>272,498</u>	<u>263,575</u>	<u>265,221</u>
2020A	530	NATO ENLARGEMENT	234,606	229,431	227,377
2020A	540	MISC. SUPPORT OF OTHER NATIONS	0	0	0
			37,892	34,144	37,844
TOTAL, BUDGET ACTIVITY 4:					
			5,599,596	4,863,185	5,306,934
TOTAL, OPERATION AND MAINTENANCE, ARMY					
			19,529,867	16,733,323	17,273,063
OPERATION AND MAINTENANCE, NAVY					

EXHIBIT O-1

FY 1999 PRESIDENT'S BUDGET

(DOLLARS IN THOUSANDS)

<u>APPROP</u>	<u>ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
BUDGET ACTIVITY 1: OPERATING FORCES					
AIR OPERATIONS					
1804N	10	MISSION AND OTHER FLIGHT OPERATIONS	4,428,615	4,909,903	4,788,805
1804N	20	FLEET AIR TRAINING	1,873,646	2,204,989	2,089,630
1804N	30	INTERMEDIATE MAINTENANCE	603,502	756,985	751,533
1804N	40	AIR OPERATIONS AND SAFETY SUPPORT	58,051	56,127	46,925
1804N	50	AIRCRAFT DEPOT MAINTENANCE	56,273	67,879	88,459
1804N	60	AIRCRAFT DEPOT OPERATIONS SUPPORT	633,360	769,262	735,731
1804N	70	BASE SUPPORT	128,276	19,960	20,249
1804N	80	MAINTENANCE OF REAL PROPERTY	764,208	771,060	772,678
			311,299	263,641	283,600
SHIP OPERATIONS					
1804N	90	MISSION AND OTHER SHIP OPERATIONS	6,843,799	7,096,472	7,093,373
1804N	100	SHIP OPERATIONAL SUPPORT AND TRAINING	1,924,063	2,177,058	1,987,873
1804N	110	INTERMEDIATE MAINTENANCE	505,323	726,814	541,069
1804N	120	SHIP DEPOT MAINTENANCE	445,889	443,618	388,408
1804N	130	SHIP DEPOT OPERATIONS SUPPORT	1,754,841	1,953,220	1,947,424
1804N	140	BASE SUPPORT	1,158,010	763,779	1,147,209
1804N	150	MAINTENANCE OF REAL PROPERTY	780,420	816,007	832,789
			275,253	215,976	248,601
COMBAT OPERATIONS/SUPPORT					
1804N	160	COMBAT COMMUNICATIONS	1,788,547	1,686,726	1,723,193
1804N	170	ELECTRONIC WARFARE	201,763	224,759	234,450
1804N	180	SPACE SYSTEMS AND SURVEILLANCE	6,696	7,195	7,734
1804N	190	WARFARE TACTICS	185,502	133,886	138,271
1804N	200	OPERATIONAL METEOROLOGY AND OCEANOGRAPHY	149,577	141,312	134,014
1804N	210	COMBAT SUPPORT FORCES	200,838	222,673	228,159
1804N	220	EQUIPMENT MAINTENANCE	464,991	398,655	444,072
1804N	230	DEPOT OPERATIONS SUPPORT	159,434	168,632	170,937
1804N	240	BASE SUPPORT	934	850	694
1804N	250	MAINTENANCE OF REAL PROPERTY	360,978	327,868	312,259
			57,834	60,896	52,603

EXHIBIT O-1

FY 1999 PRESIDENT'S BUDGET

(DOLLARS IN THOUSANDS)

<u>APPROP</u>	<u>ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
<u>WEAPONS SUPPORT</u>					
1804N	260	CRUISE MISSILE	<u>1,319,942</u>	<u>1,430,695</u>	<u>1,535,843</u>
1804N	270	FLEET BALLISTIC MISSILE	104,748	86,965	121,192
1804N	280	IN-SERVICE WEAPONS SYSTEMS SUPPORT	737,510	794,493	812,041
1804N	290	WEAPONS MAINTENANCE	39,460	50,001	61,598
1804N	300	BASE SUPPORT	336,712	398,942	389,469
1804N	310	MAINTENANCE OF REAL PROPERTY	72,499	74,784	119,868
			29,013	25,510	31,675
<u>WORKING CAPITAL FUND SUPPORT</u>					
1804N	320	NWCF SUPPORT	<u>0</u>	<u>0</u>	<u>43,300</u>
			0	0	43,300
TOTAL, BUDGET ACTIVITY 1:			14,380,903	15,123,796	15,184,514
BUDGET ACTIVITY 2: MOBILIZATION					
<u>READY RESERVE AND PREPOSITIONING FORCES</u>					
SHIP PREPOSITIONING AND SURGE					
1804N	330		<u>507,057</u>	<u>453,774</u>	<u>428,775</u>
			507,057	453,774	428,775
<u>ACTIVATIONS/INACTIVATIONS</u>					
AIRCRAFT ACTIVATIONS/INACTIVATIONS					
1804N	340		<u>586,612</u>	<u>720,931</u>	<u>512,627</u>
1804N	350	SHIP ACTIVATIONS/INACTIVATIONS	2,691	2,934	651
			583,921	717,997	511,976
<u>MOBILIZATION PREPAREDNESS</u>					
FLEET HOSPITAL PROGRAM					
1804N	360		<u>38,234</u>	<u>51,619</u>	<u>56,891</u>
1804N	370	INDUSTRIAL READINESS	18,686	19,320	23,496
1804N	380	COAST GUARD SUPPORT	771	14,496	16,166
			18,777	17,803	17,229
TOTAL, BUDGET ACTIVITY 2:			1,131,903	1,226,324	998,293

EXHIBIT O-1

FY 1999 PRESIDENT'S BUDGET

(DOLLARS IN THOUSANDS)

<u>APPROP</u>	<u>ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
BUDGET ACTIVITY 3: TRAINING AND RECRUITING					
<u>ACCESSION TRAINING</u>					
1804N	390	OFFICER ACQUISITION	<u>252,468</u>	<u>264,456</u>	<u>287,693</u>
1804N	400	RECRUIT TRAINING	69,543	71,312	75,643
1804N	410	RESERVE OFFICERS TRAINING CORPS (ROTC)	4,192	4,646	4,556
1804N	420	BASE SUPPORT	63,509	65,562	69,087
1804N	430	MAINTENANCE OF REAL PROPERTY	54,643	55,296	57,036
			60,581	67,640	81,371
<u>BASIC SKILLS AND ADVANCED TRAINING</u>					
1804N	440	SPECIALIZED SKILL TRAINING	<u>1,095,410</u>	<u>1,135,026</u>	<u>1,187,896</u>
1804N	450	FLIGHT TRAINING	211,650	229,097	237,916
1804N	460	PROFESSIONAL DEVELOPMENT EDUCATION	270,408	315,936	315,874
1804N	470	TRAINING SUPPORT	70,568	64,703	71,780
1804N	480	BASE SUPPORT	122,101	124,728	138,319
1804N	490	MAINTENANCE OF REAL PROPERTY	319,236	323,282	331,607
			101,447	77,280	92,400
<u>RECRUITING, AND OTHER TRAINING AND EDUCATION</u>					
1804N	500	RECRUITING AND ADVERTISING	<u>232,091</u>	<u>262,263</u>	<u>265,851</u>
1804N	510	OFF-DUTY AND VOLUNTARY EDUCATION	122,990	137,505	130,415
1804N	520	CIVILIAN EDUCATION AND TRAINING	63,056	75,958	74,669
1804N	530	JUNIOR ROTC	22,508	25,783	37,425
1804N	540	BASE SUPPORT	22,988	22,510	22,830
1804N	550	MAINTENANCE OF REAL PROPERTY	492	445	451
			57	62	61
TOTAL, BUDGET ACTIVITY 3:			1,579,969	1,661,745	1,741,440

EXHIBIT O-1

FY 1999 PRESIDENT'S BUDGET

(DOLLARS IN THOUSANDS)

<u>APPROP</u>	<u>ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES					
<u>SERVICEWIDE SUPPORT</u>					
1804N	560	ADMINISTRATION	<u>1,564,817</u>	<u>1,486,343</u>	<u>1,825,674</u>
1804N	570	EXTERNAL RELATIONS	605,379	565,243	565,193
1804N	580	CIVILIAN MANPOWER AND PERSONNEL MANAGEMENT	21,695	21,141	21,456
1804N	590	MILITARY MANPOWER AND PERSONNEL MANAGEMENT	104,616	113,530	140,247
1804N	600	OTHER PERSONNEL SUPPORT	119,184	112,281	125,125
1804N	610	SERVICEWIDE COMMUNICATIONS	228,947	191,269	201,014
1804N	620	BASE SUPPORT	221,708	230,336	244,766
1804N	630	MEDICAL ACTIVITIES	207,214	211,912	228,046
1804N	640	MAINTENANCE OF REAL PROPERTY	15,059	0	0
1804N	650	COMMISSARY OPERATIONS	41,015	40,631	44,827
			0	0	255,000
<u>LOGISTICS OPERATIONS AND TECHNICAL SUPPORT</u>					
1804N	660	SERVICEWIDE TRANSPORTATION	<u>1,824,874</u>	<u>1,589,298</u>	<u>1,590,349</u>
1804N	670	PLANNING, ENGINEERING AND DESIGN	137,700	146,072	144,245
1804N	680	ACQUISITION AND PROGRAM MANAGEMENT	582,155	251,427	262,615
1804N	690	AIR SYSTEMS SUPPORT	532,229	508,011	473,159
1804N	700	HULL, MECHANICAL AND ELECTRICAL SUPPORT	232,137	263,039	280,437
1804N	710	COMBAT/WEAPONS SYSTEMS	58,162	56,699	55,467
1804N	720	SPACE AND ELECTRONIC WARFARE SYSTEMS	35,360	40,131	41,700
1804N	730	BASE SUPPORT	65,596	67,263	72,178
1804N	740	MAINTENANCE OF REAL PROPERTY	167,660	222,063	219,826
			13,875	34,593	40,722
<u>SECURITY PROGRAMS</u>					
1804N	750	SECURITY PROGRAMS	<u>545,706</u>	<u>556,646</u>	<u>578,497</u>
1804N	760	BASE SUPPORT	535,776	548,449	568,257
1804N	770	MAINTENANCE OF REAL PROPERTY	6,632	6,709	8,814
			3,298	1,488	1,426
<u>SUPPORT OF OTHER NATIONS</u>					
1804N	780	INTERNATIONAL HEADQUARTERS AND AGENCIES	<u>8,328</u>	<u>8,202</u>	<u>8,435</u>
			8,328	8,202	8,435

EXHIBIT O-1

FY 1999 PRESIDENT'S BUDGET

(DOLLARS IN THOUSANDS)

<u>APPROP</u>	<u>ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
		CANCELLED ACCOUNTS	7,335	0	0
		PROBLEM DISBURSEMENTS	11,462	0	0
		TOTAL, BUDGET ACTIVITY 4:	3,962,522	3,640,489	4,002,955
		TOTAL, OPERATION AND MAINTENANCE, NAVY	21,055,297	21,652,354	21,927,202

EXHIBIT O-1

FY 1999 PRESIDENT'S BUDGET

(DOLLARS IN THOUSANDS)

<u>APPROP</u>	<u>ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
OPERATION AND MAINTENANCE, MARINE CORPS					
BUDGET ACTIVITY 1: OPERATING FORCES					
<u>EXPEDITIONARY FORCES</u>					
1106N	10	OPERATIONAL FORCES	<u>1,636,909</u>	<u>1,642,566</u>	<u>1,660,869</u>
1106N	20	FIELD LOGISTICS	394,665	368,040	375,531
1106N	30	DEPOT MAINTENANCE	167,060	186,249	221,693
1106N	40	BASE SUPPORT	153,843	133,228	78,713
1106N	50	MAINTENANCE OF REAL PROPERTY	644,859	680,289	692,716
			276,482	274,760	292,216
<u>USMC PREPOSITIONING</u>					
1106N	60	MARITIME PREPOSITIONING	<u>76,444</u>	<u>80,848</u>	<u>85,653</u>
1106N	70	NORWAY PREPOSITIONING	73,277	77,352	81,325
			3,167	3,496	4,328
TOTAL, BUDGET ACTIVITY 1:			1,713,353	1,723,414	1,746,522

EXHIBIT O-1

FY 1999 PRESIDENT'S BUDGET

(DOLLARS IN THOUSANDS)

<u>APPROP</u>	<u>ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
BUDGET ACTIVITY 3: TRAINING AND RECRUITING					
<u>ACCESSION TRAINING</u>					
1106N	80	RECRUIT TRAINING	<u>71,852</u>	<u>79,351</u>	<u>81,309</u>
1106N	90	OFFICER ACQUISITION	9,727	9,916	10,202
1106N	100	BASE SUPPORT	257	281	289
1106N	110	MAINTENANCE OF REAL PROPERTY	45,795	52,099	53,526
			16,073	17,055	17,292
<u>BASIC SKILLS AND ADVANCED TRAINING</u>					
1106N	120	SPECIALIZED SKILLS TRAINING	<u>182,099</u>	<u>185,963</u>	<u>196,026</u>
1106N	130	FLIGHT TRAINING	26,580	28,530	28,269
1106N	140	PROFESSIONAL DEVELOPMENT EDUCATION	149	153	161
1106N	150	TRAINING SUPPORT	5,717	5,749	6,478
1106N	160	BASE SUPPORT	70,443	72,653	81,338
1106N	170	MAINTENANCE OF REAL PROPERTY	49,143	55,461	55,771
			30,067	23,417	24,009
<u>RECRUITING AND OTHER TRAINING EDUCATION</u>					
1106N	180	RECRUITING AND ADVERTISING	<u>111,486</u>	<u>115,137</u>	<u>115,951</u>
1106N	190	OFF-DUTY AND VOLUNTARY EDUCATION	78,394	81,217	80,798
1106N	200	JUNIOR ROTC	15,441	14,641	15,016
1106N	210	BASE SUPPORT	8,732	8,876	9,201
1106N	220	MAINTENANCE OF REAL PROPERTY	7,353	8,007	8,496
			1,566	2,396	2,440
TOTAL, BUDGET ACTIVITY 3:			365,437	380,451	393,286

EXHIBIT O-1

FY 1999 PRESIDENT'S BUDGET

(DOLLARS IN THOUSANDS)

<u>APPROP</u>	<u>ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES					
		<u>SERVICEWIDE SUPPORT</u>	<u>272,864</u>	<u>276,465</u>	<u>383,895</u>
1106N	230	SPECIAL SUPPORT	195,692	204,205	224,668
1106N	240	SERVICEWIDE TRANSPORTATION	33,165	30,617	29,630
1106N	250	ADMINISTRATION	32,074	25,988	26,509
1106N	260	BASE SUPPORT	9,686	13,739	14,557
1106N	270	MAINTENANCE OF REAL PROPERTY	2,247	1,916	1,931
1106N	280	COMMISSARY OPERATIONS	0	0	86,600
TOTAL, BUDGET ACTIVITY 4:			272,864	276,465	383,895
TOTAL, OPERATION AND MAINTENANCE, MARINE CORPS			2,351,654	2,380,330	2,523,703

EXHIBIT O-1

FY 1999 PRESIDENT'S BUDGET

(DOLLARS IN THOUSANDS)

<u>APPROP</u>	<u>ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
OPERATION AND MAINTENANCE, AIR FORCE					
BUDGET ACTIVITY 1: OPERATING FORCES					
AIR OPERATIONS					
3400F	10	PRIMARY COMBAT FORCES	6,972,507	7,247,046	7,400,896
3400F	20	PRIMARY COMBAT WEAPONS	1,842,072	2,211,234	2,311,299
3400F	30	COMBAT ENHANCEMENT FORCES	255,604	234,264	236,147
3400F	40	AIR OPERATIONS TRAINING	175,050	179,847	196,036
3400F	45	DEPOT MAINTENANCE	547,895	586,406	562,839
3400F	50	COMBAT COMMUNICATIONS	856,882	1,115,780	1,022,087
3400F	60	BASE SUPPORT	1,027,121	883,537	958,706
3400F	65	MAINTENANCE OF REAL PROPERTY	1,635,580	1,497,367	1,538,126
			632,303	538,611	575,656
COMBAT RELATED OPERATIONS					
3400F	70	GLOBAL C3I AND EARLY WARNING	1,536,112	1,351,926	1,385,350
3400F	80	NAVIGATION/WEATHER SUPPORT	741,555	640,103	669,379
3400F	90	OTHER COMBAT OPS SUPPORT PROGRAMS	121,031	117,142	118,337
3400F	100	JCS EXERCISES	249,286	220,027	221,593
3400F	110	MANAGEMENT/OPERATIONAL HEADQUARTERS	40,144	30,237	30,521
3400F	120	TACTICAL INTEL AND OTHER SPECIAL ACTIVITIES	173,691	108,542	117,540
			210,405	235,875	227,980
SPACE OPERATIONS					
3400F	130	LAUNCH FACILITIES	1,127,479	1,084,064	1,123,425
3400F	140	LAUNCH VEHICLES	249,138	208,374	221,046
3400F	150	SPACE CONTROL SYSTEMS	96,259	93,263	102,064
3400F	160	SATELLITE SYSTEMS	233,497	246,902	246,940
3400F	170	OTHER SPACE OPERATIONS	26,894	29,968	36,152
3400F	180	BASE SUPPORT	98,955	79,929	85,292
3400F	185	MAINTENANCE OF REAL PROPERTY	308,624	300,521	309,406
			114,112	125,107	122,525
TOTAL, BUDGET ACTIVITY 1:			9,636,098	9,683,036	9,909,671

EXHIBIT O-1

FY 1999 PRESIDENT'S BUDGET

(DOLLARS IN THOUSANDS)

<u>APPROP</u>	<u>ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
BUDGET ACTIVITY 2: MOBILIZATION					
<u>MOBILITY OPERATIONS</u>					
3400F	190	AIRLIFT OPERATIONS	<u>2,899,889</u>	<u>2,840,589</u>	<u>2,808,949</u>
3400F	200	AIRLIFT OPERATIONS C3I	1,466,987	1,361,902	1,326,774
3400F	210	MOBILIZATION PREPAREDNESS	15,555	11,661	21,676
3400F	215	DEPOT MAINTENANCE	271,895	111,101	134,807
3400F	220	PAYMENTS TO TRANSPORTATION BUSINESS AREA	200,965	292,345	316,485
3400F	230	BASE SUPPORT	400,886	514,000	470,000
3400F	235	MAINTENANCE OF REAL PROPERTY	402,001	401,723	390,876
			141,600	147,857	148,331
		TOTAL, BUDGET ACTIVITY 2:	2,899,889	2,840,589	2,808,949
BUDGET ACTIVITY 3: TRAINING AND RECRUITING					
<u>ACCESSION TRAINING</u>					
3400F	240	OFFICER ACQUISITION	<u>200,899</u>	<u>204,987</u>	<u>205,044</u>
3400F	250	RECRUIT TRAINING	48,718	50,029	57,679
3400F	260	RESERVE OFFICER TRAINING CORPS (ROTC)	4,578	3,815	4,360
3400F	270	BASE SUPPORT (ACADEMIES ONLY)	49,509	45,162	46,522
3400F	275	MAINTENANCE OF REAL PROPERTY (ACADEMIES ONLY)	53,814	55,824	58,828
			44,280	50,157	37,655
		BASIC SKILLS AND ADVANCED TRAINING	1,151,473	1,221,279	1,264,253
3400F	280	SPECIALIZED SKILL TRAINING	205,916	198,273	215,477
3400F	290	FLIGHT TRAINING	318,456	384,395	406,940
3400F	300	PROFESSIONAL DEVELOPMENT EDUCATION	75,531	88,041	90,709
3400F	310	TRAINING SUPPORT	66,754	62,861	65,742
3400F	315	DEPOT MAINTENANCE	13,363	16,560	12,186
3400F	320	BASE SUPPORT (OTHER TRAINING)	369,984	373,029	370,961
3400F	325	MAINTENANCE OF REAL PROPERTY (OTHER TRAINING)	101,469	98,120	102,238
		RECRUITING, AND OTHER TRAINING AND EDUCATION	234,597	225,554	229,246
3400F	330	RECRUITING AND ADVERTISING	61,881	55,000	54,775
3400F	340	EXAMINING	1,431	2,084	2,668
3400F	350	OFF DUTY AND VOLUNTARY EDUCATION	80,596	81,095	84,122

EXHIBIT O-1

FY 1999 PRESIDENT'S BUDGET

(DOLLARS IN THOUSANDS)

<u>APPROP</u>	<u>ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
3400F	360	CIVILIAN EDUCATION AND TRAINING	65,652	62,714	61,124
3400F	370	JUNIOR ROTC	25,037	24,661	26,557
TOTAL, BUDGET ACTIVITY 3:			1,586,969	1,651,820	1,698,543

EXHIBIT O-1

FY 1999 PRESIDENT'S BUDGET

(DOLLARS IN THOUSANDS)

<u>APPROP</u>	<u>ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES					
<u>LOGISTICS OPERATIONS</u>					
3400F	380	LOGISTICS OPERATIONS	<u>2,260,069</u>	<u>2,353,294</u>	<u>2,535,950</u>
3400F	390	TECHNICAL SUPPORT ACTIVITIES	740,475	725,328	706,893
3400F	400	SERVICEWIDE TRANSPORTATION	363,275	396,868	389,685
3400F	405	DEPOT MAINTENANCE	211,188	205,152	196,178
3400F	410	BASE SUPPORT	57,566	82,781	69,344
3400F	415	MAINTENANCE OF REAL PROPERTY	680,598	726,744	916,165
			206,967	216,421	257,685
<u>SERVICEWIDE ACTIVITIES</u>					
3400F	420	ADMINISTRATION	<u>1,674,118</u>	<u>1,332,284</u>	<u>1,653,027</u>
3400F	430	SERVICEWIDE COMMUNICATIONS	133,621	125,984	140,879
3400F	440	PERSONNEL PROGRAMS	277,636	288,452	234,065
3400F	450	RESCUE AND RECOVERY SERVICES	84,874	104,563	127,718
3400F	470	ARMS CONTROL	46,075	52,390	48,466
3400F	480	OTHER SERVICEWIDE ACTIVITIES	25,947	28,363	30,005
3400F	490	OTHER PERSONNEL SUPPORT	877,460	524,779	517,780
3400F	500	CIVIL AIR PATROL CORPORATION	29,292	31,045	31,828
3400F	505	COMMISSARY OPERATIONS	19,785	17,520	13,927
3400F	510	BASE SUPPORT	0	0	302,071
3400F	515	MAINTENANCE OF REAL PROPERTY	155,102	136,727	180,221
			24,326	22,461	26,067
<u>SECURITY PROGRAMS</u>					
3400F	520	SECURITY PROGRAMS	<u>493,878</u>	<u>513,466</u>	<u>557,256</u>
			493,878	513,466	557,256
<u>SUPPORT TO OTHER NATIONS</u>					
3400F	530	INTERNATIONAL SUPPORT	<u>13,275</u>	<u>15,514</u>	<u>13,608</u>
			13,275	15,514	13,608
TOTAL, BUDGET ACTIVITY 4:					
			4,441,340	4,214,558	4,759,841
TOTAL, O&M, AIR FORCE OPERATION AND MAINTENANCE, DEFENSE-WIDE					
			18,564,296	18,390,003	19,177,004

EXHIBIT O-1

FY 1999 PRESIDENT'S BUDGET

(DOLLARS IN THOUSANDS)

<u>APPROP</u>	<u>ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
<u>BUDGET ACTIVITY 1: OPERATING FORCES</u>					
0100D	10	JOINT CHIEFS OF STAFF	437,537	440,536	410,065
0100D	20	SPECIAL OPERATIONS COMMAND	1,001,677	1,100,095	1,149,328
		TOTAL, BUDGET ACTIVITY 1:	1,439,214	1,540,631	1,559,393
<u>BUDGET ACTIVITY 2: MOBILIZATION</u>					
0100D	30	DEFENSE LOGISTICS AGENCY	27,418	35,023	38,934
		TOTAL, BUDGET ACTIVITY 2:	27,418	35,023	38,934
<u>BUDGET ACTIVITY 3: TRAINING AND RECRUITING</u>					
0100D	40	DEFENSE ACQUISITION UNIVERSITY	93,194	93,612	0
0100D	45	AMERICAN FORCES INFORMATION SERVICE	14,154	11,344	11,059
0100D	50	SPECIAL OPERATIONS COMMAND	30,828	40,345	42,408
		TOTAL, BUDGET ACTIVITY 3:	138,176	145,301	53,467
<u>BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES</u>					
0100D	55	AMERICAN FORCES INFORMATION SERVICE	90,220	93,233	93,815
0100D	60	CIVIL MILITARY PROGRAMS	0	71,656	44,894
0100D	65	CLASSIFIED AND INTELLIGENCE	3,443,127	3,388,546	3,803,561
0100D	70	CORPORATE INFORMATION MANAGEMENT	27,281	0	0
0100D	75	DEFENSE CONTRACT AUDIT AGENCY	321,407	323,610	330,087
0100D	80	DEFENSE FINANCE AND ACCOUNTING SERVICE	9,600	65,909	83,277
0100D	85	DEFENSE HUMAN RESOURCES ACTIVITY	89,737	169,553	198,923
0100D	90	DEFENSE INFORMATION SYSTEMS AGENCY	713,776	682,870	771,106
0100D	95	DEFENSE LEGAL SERVICES AGENCY	8,064	8,503	9,027
0100D	100	DEFENSE LOGISTICS AGENCY	1,109,447	1,066,064	1,140,137
0100D	105	DEFENSE POW /MISSING PERSONS OFFICE	12,433	14,020	14,110
0100D	100	DEFENSE SECURITY ASSISTANCE AGENCY	0	0	4,610
0100D	105	DEFENSE SECURITY SERVICE	191,791	185,492	83,419
0100D	110	DEFENSE SPECIAL WEAPONS AGENCY	88,618	87,007	0

EXHIBIT O-1

FY 1999 PRESIDENT'S BUDGET

(DOLLARS IN THOUSANDS)

<u>APPROP</u>	<u>ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
0100D	115	DEFENSE SUPPORT ACTIVITIES	139,792	96,780	0
0100D	120	DEFENSE TECHNOLOGY SECURITY ADMINISTRATION	10,465	10,434	0
0100D	125	DEFENSE THREAT REDUCTION AND TREATY COMPLIANCE AGENCY	0	0	304,745
0100D	130	DEPARTMENT OF DEFENSE DEPENDENTS EDUCATION	1,375,035	1,296,218	1,347,718
0100D	135	FEDERAL ENERGY MANAGEMENT PROGRAM	0	15,000	0
0100D	140	JOINT CHIEFS OF STAFF	116,324	118,072	139,616
0100D	145	OFFICE OF ECONOMIC ADJUSTMENT	36,795	113,519	31,233
0100D	150	OFFICE OF THE SECRETARY OF DEFENSE	462,514	391,168	369,836
0100D	155	OFFICE OF THE SECRETARY OF DEFENSE (NO YEAR)	0	230	0
0100D	160	ON SITE INSPECTION AGENCY	67,419	94,301	0
0100D	165	SPECIAL OPERATIONS COMMAND	51,627	42,022	47,117
0100D	170	WASHINGTON HEADQUARTERS SERVICE	273,945	359,356	281,676
TOTAL, BUDGET ACTIVITY 4:			8,639,417	8,693,563	9,098,907
TOTAL, OPERATION AND MAINTENANCE, DEFENSE-WIDE			10,244,225	10,414,518	10,750,701

EXHIBIT O-1

FY 1999 PRESIDENT'S BUDGET

(DOLLARS IN THOUSANDS)

<u>APPROP ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
OPERATION AND MAINTENANCE, ARMY RESERVE				
BUDGET ACTIVITY 1: OPERATING FORCES				
<u>LAND FORCES</u>				
2080A 10	DIVISION FORCES	<u>455,928</u>	<u>483,687</u>	<u>509,126</u>
2080A 20	CORPS COMBAT FORCES	9,490	10,068	10,918
2080A 30	CORPS SUPPORT FORCES	19,006	20,162	17,890
2080A 40	ECHELON ABOVE CORPS FORCES	144,158	152,932	165,897
2080A 50	LAND FORCES OPERATIONS SUPPORT	71,174	75,512	86,565
		212,100	225,013	227,856
<u>LAND FORCES READINESS</u>				
2080A 60	FORCES READINESS OPERATIONS SUPPORT	<u>203,607</u>	<u>180,964</u>	<u>184,923</u>
2080A 70	LAND FORCES SYSTEM READINESS	115,315	122,334	123,824
2080A 80	DEPOT MAINTENANCE	40,794	17,264	13,757
		47,498	41,366	47,342
<u>LAND FORCES READINESS SUPPORT</u>				
2080A 90	BASE SUPPORT	<u>322,066</u>	<u>407,215</u>	<u>368,427</u>
2080A 100	MAINTENANCE OF REAL PROPERTY	251,168	315,474	305,760
2080A 110	UNIFIED COMMANDS	70,032	90,255	61,177
2080A 120	MISCELLANEOUS ACTIVITIES	99	106	107
		767	1,380	1,383
	TOTAL, BUDGET ACTIVITY 1:	981,601	1,071,866	1,062,476
BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES				
<u>ADMINISTRATION AND SERVICEWIDE ACTIVITIES</u>				
2080A 130	STAFF MANAGEMENT HEADQUARTERS	<u>159,007</u>	<u>135,997</u>	<u>140,146</u>
2080A 140	INFORMATION MANAGEMENT	33,837	27,894	27,465
2080A 150	PERSONNEL/FINANCIAL ADMINISTRATION	30,916	20,033	23,601
2080A 160	RECRUITING AND ADVERTISING	48,369	50,196	47,327
		45,885	37,874	41,753
	TOTAL, BUDGET ACTIVITY 4:	159,007	135,997	140,146
	TOTAL, OPERATION AND MAINTENANCE, ARMY RESERVE	1,140,608	1,207,863	1,202,622

EXHIBIT O-1

FY 1999 PRESIDENT'S BUDGET

(DOLLARS IN THOUSANDS)

<u>APPROP</u>	<u>ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
OPERATION AND MAINTENANCE, NAVY RESERVE					
BUDGET ACTIVITY 1: OPERATING FORCES					
<u>RESERVE AIR OPERATIONS</u>					
1806N	10	MISSION AND OTHER FLIGHT OPERATIONS	<u>514,618</u>	<u>538,072</u>	<u>569,877</u>
1806N	20	FLEET AIR TRAINING	278,051	319,531	300,682
1806N	30	INTERMEDIATE MAINTENANCE	0	200	484
1806N	40	AIR OPERATION AND SAFETY SUPPORT	16,675	17,485	17,271
1806N	50	AIRCRAFT DEPOT MAINTENANCE	2,290	3,057	3,044
1806N	60	AIRCRAFT DEPOT OPS SUPPORT	85,591	66,053	121,740
1806N	70	BASE SUPPORT	208	315	323
1806N	75	MAINTENANCE OF REAL PROPERTY	99,102	98,836	101,963
			32,701	32,595	24,370
			<u>160,596</u>	<u>140,284</u>	<u>152,723</u>
<u>RESERVE SHIP OPERATIONS</u>					
1806N	80	MISSION AND OTHER SHIP OPERATIONS	71,564	59,509	61,924
1806N	90	SHIP OPERATIONAL SUPPORT AND TRAINING	642	638	611
1806N	100	INTERMEDIATE MAINTENANCE	11,802	10,326	9,472
1806N	110	SHIP DEPOT MAINTENANCE	75,150	68,324	79,257
1806N	120	SHIP DEPOT OPERATIONS SUPPORT	1,438	1,487	1,459
			<u>79,009</u>	<u>75,891</u>	<u>72,372</u>
<u>RESERVE COMBAT OPERATIONS SUPPORT</u>					
1806N	140	COMBAT SUPPORT FORCES	24,130	25,101	28,355
1806N	150	BASE SUPPORT	44,264	35,613	34,411
1806N	155	MAINTENANCE OF REAL PROPERTY	10,615	15,177	9,606
			<u>6,080</u>	<u>4,096</u>	<u>5,217</u>
1806N	160	WEAPONS MAINTENANCE	6,080	4,096	5,217
TOTAL, BUDGET ACTIVITY 1:			760,303	758,343	800,189

EXHIBIT O-1

FY 1999 PRESIDENT'S BUDGET

(DOLLARS IN THOUSANDS)

<u>APPROP</u>	<u>ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES					
<u>ADMINISTRATION AND SERVICEWIDE ACTIVITIES</u>					
1806N	170	ADMINISTRATION	<u>122,214</u>	<u>156,417</u>	<u>125,916</u>
1806N	180	CIVILIAN MANPOWER AND PERSONNEL MANAGEMENT	5,698	6,221	6,209
1806N	190	MILITARY MANPOWER AND PERSONNEL MANAGEMENT	2,710	2,017	1,015
1806N	210	SERVICEWIDE COMMUNICATIONS	28,454	26,454	25,420
1806N	220	BASE SUPPORT	47,032	80,260	50,534
1806N	225	MAINTENANCE OF REAL PROPERTY	30,362	28,771	29,571
1806N	230	COMBAT/WEAPONS SYSTEMS	5,203	9,523	7,182
1806N	240	GENERAL DEFENSE INTELLIGENCE PROGRAM	2,247	2,660	5,398
			508	511	587
<u>LOGISTICS OPERATIONS AND TECHNICAL SUPPORT</u>					
1806N	250	AIR SYSTEMS SUPPORT	<u>295</u>	<u>2,705</u>	<u>2,534</u>
			295	2,705	2,534
PROBLEM DISBURSEMENTS					
			1,889	0	0
TOTAL, BUDGET ACTIVITY 4:					
			124,398	159,122	128,450
TOTAL, OPERATION AND MAINTENANCE, NAVY RESERVE					
			884,701	917,465	928,639

EXHIBIT O-1

FY 1999 PRESIDENT'S BUDGET

(DOLLARS IN THOUSANDS)

<u>APPROP</u>	<u>ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
OPERATION AND MAINTENANCE, MARINE CORPS RESERVE					
BUDGET ACTIVITY 1: OPERATING FORCES					
<u>MISSION FORCES</u>					
1107N	10	TRAINING	<u>78,493</u>	<u>76,495</u>	<u>74,327</u>
1107N	20	OPERATING FORCES	19,210	17,550	14,435
1107N	30	BASE SUPPORT	35,784	33,186	33,823
1107N	35	MAINTENANCE OF REAL PROPERTY	14,961	16,311	16,272
1107N	40	DEPOT MAINTENANCE	5,615	6,893	6,976
			2,923	2,555	2,821
TOTAL, BUDGET ACTIVITY 1:			78,493	76,495	74,327
BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES					
<u>ADMINISTRATION AND SERVICEWIDE ACTIVITIES</u>					
1107N	50	RECRUITING AND ADVERTISING	<u>31,219</u>	<u>39,772</u>	<u>40,266</u>
1107N	60	SPECIAL SUPPORT	7,838	7,624	7,920
1107N	70	SERVICEWIDE TRANSPORTATION	10,003	11,199	11,080
1107N	80	ADMINISTRATION	499	5,161	4,714
1107N	90	BASE SUPPORT	6,801	7,051	8,763
			5,980	8,737	7,789
PROBLEM DISBURSEMENTS			98	0	0
TOTAL, BUDGET ACTIVITY 4:			31,219	39,772	40,266
TOTAL, O&M, MARINE CORPS RESERVE			109,712	116,267	114,593

EXHIBIT O-1

FY 1999 PRESIDENT'S BUDGET

(DOLLARS IN THOUSANDS)

<u>APPROP</u>	<u>ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
OPERATION AND MAINTENANCE, AIR FORCE RESERVE					
BUDGET ACTIVITY 1: OPERATING FORCES					
AIR OPERATIONS			<u>1,412,506</u>	<u>1,569,605</u>	<u>1,663,150</u>
3740F	10	AIRCRAFT OPERATIONS	936,796	1,042,924	1,038,509
3740F	20	MISSION SUPPORT OPERATIONS	41,924	40,940	40,926
3740F	30	BASE SUPPORT	221,230	212,251	223,606
3740F	35	MAINTENANCE OF REAL PROPERTY	46,238	59,799	61,616
3740F	40	DEPOT MAINTENANCE	166,318	213,691	298,493
TOTAL, BUDGET ACTIVITY 1:			1,412,506	1,569,605	1,663,150
BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES					
ADMINISTRATION AND SERVICEWIDE ACTIVITIES			<u>80,785</u>	<u>82,549</u>	<u>81,546</u>
3740F	50	ADMINISTRATION	46,014	47,048	46,002
3740F	60	MILITARY MANPOWER AND PERSONNEL MANAGEMENT	20,115	20,333	20,205
3740F	70	RECRUITING AND ADVERTISING	8,171	8,307	8,360
3740F	80	OTHER PERSONNEL SUPPORT	6,048	6,367	6,366
3740F	90	AUDIOVISUAL	437	494	613
TOTAL, BUDGET ACTIVITY 4:			80,785	82,549	81,546
TOTAL, O&M, AIR FORCE RESERVE			1,493,291	1,652,154	1,744,696

EXHIBIT O-1

FY 1999 PRESIDENT'S BUDGET

(DOLLARS IN THOUSANDS)

<u>APPROP</u>	<u>ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD					
BUDGET ACTIVITY 1: OPERATING FORCES					
<u>MISSION OPERATIONS</u>					
2065A	10	LAND FORCES	2,069,495	2,210,213	2,285,721
2065A	20	LAND FORCES READINESS	1,170,297	1,236,144	1,302,542
2065A	30	LAND FORCES READINESS SUPPORT	92,293	111,674	144,113
			806,905	862,395	839,066
TOTAL, BUDGET ACTIVITY 1:			2,069,495	2,210,213	2,285,721
BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES					
<u>ADMINISTRATION AND SERVICEWIDE ACTIVITIES</u>					
2065A	50	PERSONNEL ADMINISTRATION	224,283	208,838	151,094
2065A	60	STAFF MANAGEMENT	60,645	60,053	59,249
2065A	70	INFORMATION MANAGEMENT	56,549	53,928	33,490
2065A	80	PUBLIC AFFAIRS	58,891	61,661	21,793
2065A	90	RECRUITING AND ADVERTISING	1,732	0	0
			46,466	33,196	36,562
TOTAL, BUDGET ACTIVITY 4:			224,283	208,838	151,094
TOTAL, OPERATION AND MAINTENANCE, ARMY NAT. GUARD			2,293,778	2,419,051	2,436,815

EXHIBIT O-1

FY 1999 PRESIDENT'S BUDGET

(DOLLARS IN THOUSANDS)

<u>APPROP</u>	<u>ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
OPERATION AND MAINTENANCE, AIR NATIONAL GUARD					
BUDGET ACTIVITY 1: OPERATING FORCES					
		<u>AIR OPERATIONS</u>	<u>2,730,066</u>	<u>3,050,658</u>	<u>3,083,268</u>
3840F	10	AIRCRAFT OPERATIONS	1,702,375	1,936,971	1,935,880
3840F	20	MISSION SUPPORT OPERATIONS	386,762	331,665	340,884
3840F	30	BASE SUPPORT	281,322	297,371	295,163
3840F	35	MAINTENANCE OF REAL PROPERTY	79,358	77,879	82,633
3840F	40	DEPOT MAINTENANCE	280,249	406,772	428,708
		TOTAL, BUDGET ACTIVITY 1:	2,730,066	3,050,658	3,083,268
BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES					
		<u>SERVICEWIDE ACTIVITIES</u>	<u>7,037</u>	<u>9,272</u>	<u>10,665</u>
3840F	50	ADMINISTRATION	2,321	3,073	2,913
3840F	60	RECRUITING AND ADVERTISING	4,716	6,199	7,752
		TOTAL, BUDGET ACTIVITY 4:	7,037	9,272	10,665
		TOTAL, O&M, AIR NATIONAL GUARD	2,737,103	3,059,930	3,093,933

EXHIBIT O-1

FY 1999 PRESIDENT'S BUDGET

(DOLLARS IN THOUSANDS)

APPROP	ID	ACCOUNT/BA/AG/SAG	FY 1997	FY 1998	FY 1999
<u>TRANSFER ACCOUNTS AND MISCELLANEOUS</u>					
<u>TRANSFER ACCOUNTS</u>			0	2,009,820	1,987,013
0810A	10	ENVIRONMENTAL RESTORATION, ARMY	0	375,337	377,640
0810N	20	ENVIRONMENTAL RESTORATION, NAVY	0	275,500	281,600
0810F	30	ENVIRONMENTAL RESTORATION, AIR FORCE	0	376,900	379,100
0810D	40	ENVIRONMENTAL RESTORATION, DEFENSE-WIDE	0	26,901	26,091
0811D	50	ENVIRONMENTAL RESTORATION, FORMERLY UTILIZED DEFENSE SITES	0	242,300	195,000
0105D	60	DRUG INTERDICTION	0	712,882	727,582
0118D	70	OVERSEAS CONTINGENCIES	0	1,884,000	746,900
TOTAL, O&M, TRANSFER ACCOUNTS:			0	3,893,820	2,733,913
<u>O&M, MISCELLANEOUS</u>					
0107D	80	INSPECTOR GENERAL	11,429,478	11,410,854	10,715,921
0104D	90	COURT OF MILITARY APPEALS	138,486	138,380	132,064
0833D	100	EMERGENCY RESPONSE FUND, DEFENSE	6,489	6,952	7,324
0838D	110	SUPPORT FOR INTERNATIONAL SPORTING COMPETITIONS, DEFENSE	1,196	36,780	0
0819D	120	OVERSEAS HUMANITARIAN, DISASTER, AND CIVIC AFFAIRS	14,387	0	0
1236N	130	PAYMENT TO KAHO'OLAWA ISLAND	74,754	56,130	63,311
0130D	140	DEFENSE HEALTH PROGRAM	8,577	35,000	15,000
0134D	150	FORMER SOVIET UNION THREAT REDUCTION	10,222,561	10,376,075	10,055,822
0839D	160	QUALITY OF LIFE ENHANCEMENTS	363,592	381,537	442,400
0840D	170	OPPLAN 34A-35	599,436	360,000	0
			0	20,000	0
TOTAL, O&M, MISCELLANEOUS:			11,429,478	11,410,854	10,715,921
TOTAL, O&M, MISCELLANEOUS AND TRANSFER ACCOUNTS:			11,429,478	15,304,674	13,449,834
TOTAL OPERATION AND MAINTENANCE TITLE:			91,834,010	94,247,932	94,622,805